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# Official Transcript of Proceedings

*Before the*

## UNITED STATES POSTAL RATE COMMISSION

In the Matter of:      SPECIAL SERVICES FEES AND  
CLASSIFICATIONS

Docket No.              MC96-3

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

VOLUME 3

HEARING

CROSS-EXAMINATION OF THE POSTAL SERVICE'S  
CASE-IN-CHIEF

DATE:      Tuesday, September 10, 1996

PLACE:      Washington, D.C.

PAGES:      400 - 919

**ANN RILEY & ASSOCIATES, LTD.**

1250 I St., N.W., Suite 300  
Washington, D.C. 20005  
(202) 842-0034

BEFORE THE  
POSTAL RATE COMMISSION

[illegible]

In the Matter of: \_\_\_\_\_ :

SPECIAL SERVICES FEES AND : Docket No. MC96-3

CLASSIFICATIONS :

.....X

Third Floor Hearing Room

Postal Rate Commission

1333 H Street, N.W.

Washington, D.C. 20268

Volume 3

Tuesday, September 10, 1996

The above-entitled matter came on for hearing, pursuant to notice, at 9:30 a.m.

BEFORE:

HON. EDWARD J. GLEIMAN, CHAIRMAN

HON. W.H. "TREY" LeBLANC, III, VICE CHAIRMAN

HON. H. EDWARD QUICK, JR., COMMISSIONER, PRESIDING

HON, GEORGE W. HALEY, COMMISSIONER

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## P R O C E E D I N G S

[9:30 a.m.]

PRESIDING OFFICER QUICK: Good morning. The hearing will come to order. Today we are continuing hearings to receive the Postal Service evidence in support of its request for a recommended decision on mail classification changes and associated rate adjustments for special services.

Witnesses John Landwehr, Paul Lion, and Susan Needham have been scheduled to appear today.

Does any participant have a procedural matter to raise at this time?

[No response.]

PRESIDING OFFICER QUICK: Mr. Hollies, will you identify your first witness so that I can swear him in.

MR. HOLLIES: The Postal Service calls John Landwehr to the stand.

Whereupon, .

JOHN F. LANDWEHR,  
a witness, was called for examination by counsel for the Postal Service and, having been first duly sworn, was examined and testified as follows:

## DIRECT EXAMINATION

BY MR. HOLLIES:

Q Mr. Landwehr, I'm going to hand you two copies of

1 a document marked Direct Testimony of John F. Landwehr on  
2 behalf of United States Postal Service in MC96-3, and I ask,  
3 are you familiar with them?

4 A Yes, I am.

5 Q And were they prepared by you or under your  
6 supervision?

7 A Yes, they were.

8 Q Have there been any changes or corrections?

9 A There has been one change on page 2.

10 Q And would you please explain what it is and why it  
11 is necessary.

12 A There is a volume count on letters in my office  
13 that appears to be inflated by double the amount, so I  
14 corrected it.

15 Q So could you please refer to the line number and  
16 the specific number being changed and what it's being  
17 changed from and to?

18 A Yes. Page 2, line 11, it would be 57,500 instead  
19 of the 115,000.

20 Q Okay.

21 A Which would be a better reflection of the volume.

22 Q With that correction made, were you to testify  
23 orally today, does that testimony accurately --

24 A Yes.

25 Q -- portray what you would say?

1           A     Yes.

2           Q     Yes.

3           MR. HOLLIES: With that, the Postal Service  
4 requests that these copies be admitted into the record as  
5 evidence in this proceeding.

6           PRESIDING OFFICER QUICK: Are there any  
7 objections?

8           Hearing none, the testimony and exhibits are  
9 received into evidence. As is our practice, they will not  
10 be transcribed.

11                               [Exhibit No. USPS-T-3 was marked  
12                               for identification and received  
13                               into evidence.]

14           Mr. Landwehr, have you had an opportunity to  
15 examine the packet of designated written cross examination  
16 that was made available to you earlier this morning?

17           THE WITNESS: Yes, sir.

18           PRESIDING OFFICER QUICK: If those questions were  
19 asked of you today, would your answers be the same as those  
20 you previously provided in writing?

21           THE WITNESS: Yes, they would.

22           PRESIDING OFFICER QUICK: Two copies of the  
23 corrected designated written cross examination of Witness  
24 Landwehr will be given to the reporter, and I direct that it  
25 be accepted into evidence and transcribed into the record at

1     this point.

2                     [The Designated Written Cross-  
3                     Examination of John F. Landwehr was  
4                     received into evidence and  
5                     transcribed into the record.]

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POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Special Services Fees and Classifications

Docket No. MC96-3

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE WITNESS  
JOHN F. LANDWEHR  
(USPS-T-3)

The following discovery responses have been designated as written cross-examination.

Asking Party

Answers To Interrogatories

David B. Popkin

T3-1-17.

Douglas F. Carlson

T3-1-10.

Office of the Consumer Advocate

T3-1-24; and T4-44 (b-c) and T4-45  
redirected from witness Lion.

Respectfully submitted,

A handwritten signature in cursive script, reading "Margaret P. Crenshaw".

Margaret P. Crenshaw  
Secretary

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-1.** On page 3 of your testimony you indicate that the post office box service in the Villa Rica Post Office is fairly typical. How many other offices have you evaluated the box service for? Please provide a listing of these offices and the similarities and differences between them and Villa Rica. Provide details on how you became familiar with the operations in Middleburg VA, San Luis AZ, and Blaine WA. Have you ever visited these offices? If so, when did you visit, what was the purpose of the visit, and what did you discuss or learn during the visit? Prior to this rate case, have you ever communicated with the Postmaster in these three offices? Why were these offices chosen as being atypical offices? How many typical offices are there in the United States and how many atypical offices are there? What are the criteria that make an office typical? What are the criteria that make an office atypical?

RESPONSE:

In my testimony I contrast box operations in the Villa Rica Post Office with those in three other post offices that I learned about by discussing operations with their postmasters prior to the filing of this case, and later through visits. I initially learned about the San Luis, Middleburg and Blaine Post Offices from discussion of their mention during senior postal management and national postmaster meetings. I describe these offices in my testimony, but I have no specific definition of atypical or typical offices that would permit extrapolation to their respective counts nationwide.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-2.** You indicate that the existence of Fairfield Plantation, a resort community, increases the number of hold mail orders and temporary forwarding requests. What studies have you done to indicate that the number of orders and requests is an increased amount? What are you comparing it to? Why did you choose that to compare it to? Provide details of any studies.

**RESPONSE:**

I have conducted no quantified studies. The statement in my testimony is based on knowledge of my office and how delivery to Fairfield Plantation compares to the other delivery points we serve.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-3.** On page 2 of your testimony you indicate that your box section is open 24 hours daily for mail pick-up. Is this typical of offices throughout the country? Is there an employee on duty all 168 hours in the week? If not, how do you provide security during the hours that there is no employee on duty in the building? Provide copies of any directives, regulations, and guidelines [issued by headquarters, area, or district] that exist with respect to the hours that the box section in a post office should be open for the pick-up of mail. As a minimum, should the box section be open whenever an employee is on duty in the building? Under what conditions may or should the box section be open when there is no employee on duty? In those offices which are not open 24 hours a day, has any consideration been given to providing box holders with a "key" access to the building such as it done in many CMRA? If not, why not? Have any other items been considered to allow for greater access to the box section by box holders? If so, provide details.

**RESPONSE:**

Twenty four hour box sections are described in USPS-T-4. *See also*, witness Lion's response to NAPUS/USPS-T2-3. Management determines the number of hours an employee is on duty and, with the assistance with the Postal Inspection Service, the necessary security requirements. These are usually site specific and can vary depending upon the local situation and customer needs. I am not aware of any consideration being given to providing boxholders with key access.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-4.** You indicate that a large number of the box holders are individuals who own property in the Blaine area. Are these individuals entitled to receive mail delivery while they are in the Blaine area? If not, why not? Are they eligible to receive mail either through General Delivery or via one of the seven rural routes [assuming they were on the route]? If not, why not? Are there any other means to provide the delivery service? If so, specify. Would each of these methods result in a greater cost to provide the delivery [compared to the post office box delivery] as well as reduce the income from the box rent? If not, why not?

RESPONSE:

If these individuals live in the Blaine area where street delivery is provided, then they would be entitled to general delivery or street delivery. Post office box service is the other delivery option available to these customers. Carrier delivery may or may not be more costly than box delivery, but I am not sufficiently conversant with the Postal Service costing methods to compare them. However, please see USPS-T-5, Appendix B, which addresses post office box and carrier delivery costs.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-5.** You indicate that a recent case in Blaine resulted in a non-resident customer failing to pick up mail for over three weeks and four containers were accumulated in that period. Is this an isolated case or were there other cases? If so, provide details. Why is this unique to a non-resident? Is it possible for a resident to take a three week vacation and not pick up the mail while they were away? Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data on the frequency which is utilized by residents to pick up their mail vs. the frequency which is utilized by non-residents to pick up their mail? Has a similar study been conducted with respect to the number of times that the mail volume exceeds the volume of the box due to the failure to pick up the mail on a daily basis? If not, why not; if so, provide copies and details of the study.

RESPONSE:

The example of mail accumulation is an anecdotal illustration of general operational issues in the box sections of the offices I discuss in my testimony. While there are likely other examples, I have conducted no study to identify them.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-6.** You indicate that when non-residents do pick up their mail, they often open it in the lobby and, after review, summarily discard envelopes and packaging materials resulting in lobby clutter and additional custodial requirements. Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data on the frequency and volume that residents vs. non-residents will open their mail in the lobby and, after review, summarily discard envelopes and packaging materials. If not, why not; if so, provide copies and details of the study.

**RESPONSE:**

See my responses to DBP/USPS-T3-1 and 5.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-7.** You indicate that all communications with non-residents are, of necessity, by long distance. By long distance, do you mean that a telephone call to them would result in a long distance charge by the telephone company? If not, what do you mean? Are there instances where a telephone call to a resident could result in a long distance charge? Is it possible that there are many non-residents that would still be a local call due to an exchange area covering a number of ZIP Code areas or due to the availability of local calls to a number of other nearby exchange areas? Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data on the number of non-residents who have a long distance telephone number vs. a local telephone number and the times that were required to telephone each of the categories? If not, why not; if so, provide copies and details of the study.

RESPONSE:

My reference to long distance communications was in the context of international telephone calls to Canadian box holders for which there is a long distance charge. See also my responses to DBP/USPS-T3-1 and 5.



Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-8.** You indicate that written communications left in the box are ineffective due to the sporadic nature of mail pick-up. The question of resident vs. non-resident was covered in interrogatory DBP/USPS-T3-5 above. Is leaving written correspondence the only written way to correspond with the box holders? If not, how else can it be done? Can written correspondence be sent to the non-resident's non-residence address? If not, why not?

**RESPONSE:**

This section of my testimony refers to the Blaine Post Office. The Blaine postmaster informed me that his box holders receive rent due notices via post office boxes, which is the customary method. There is no reason to think that other attempts at written communication would be any more effective, and in any event, they would add cost in the form of postage or transportation.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-9.** You indicate that the use of the box is difficult to control since many box holders routinely allow other parties to use their boxes for mail order purchases. Explain what you mean by this statement. Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

RESPONSE:

All individual(s) authorized on the PS Form 1093 to receive their mail at a box may do so. See also my responses to DBP/USPS-T3-1 and 5.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-10.** You indicate that infrequent use of the box results in higher than normal incidence of lost or forgotten box keys. Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

RESPONSE:

See my responses to DBP/USPS-T3-1 and 5.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-11.** You indicate that forwarding of mail when boxes are closed is frustrated by inadequate communication with box holders. List all of the conditions under which a box may be closed and the action to be taken by the post office with respect to the mail that is contained in the box at the time of closing as well as mail that arrives after the closing. For each of these conditions, advise how inadequate communications increased the problem. Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

RESPONSE:

Please see DMM § 910.7.2 and 39 CFR § 958, and my responses to DBP/USPS-T3-1 and

5. Inadequate communication can result in mail becoming undeliverable as addressed instead of being forwarded.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-12.** You indicated that non-residents are often late in paying box fees. Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

**RESPONSE:**

See my responses to DBP/USPS-T3-1 and 5.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-13.** Confirm that the Villa Rica post office has sufficient post office boxes at the present time to meet the needs of both the residents and non-residents who have requested this service. Confirm that by adding 226 new boxes by November that this need will still be met and will likely be met for even a greater time.

RESPONSE:

Confirmed.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-14.** Confirm that all of the residents who reside within the Middleburg VA corporate limits have only the General Delivery or post office box service to obtain their mail. Confirm that residents living outside the corporate limits have the same methods for mail delivery as well as rural delivery if on one of the two routes. If not, advise other means that are available. Would each of these methods result in a greater cost to provide the delivery [compared to the post office box delivery] as well as reduce the income from the box rent? If not, why not? Confirm that non-residents have the same options for delivery. Would Middleburg have less box holders along with less than the 15 to 20 prospective box holders if it had city delivery? If not, why not?

RESPONSE:

Please see USPS-T-3. Residents and non-residents living outside the corporate limits may have access to rural delivery, while most also have access to general delivery. See also my responses to DBP/USPS-T-3-1, 4 and 5.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-15.** You indicate that the San Luis post office receives many Freedom of Information Act requests. What proportion of these requests would be from box holders who would be eligible for resident box fees vs. non-resident box fees? Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

**RESPONSE:**

I have conducted no study nor do I have any other basis for answering this question.



Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-16.** You indicate that the San Luis post office has many customers who are unable to fill out the necessary forms without assistance. What proportion of this assistance is provided to box holders who would be eligible for resident box fees vs. non-resident box fees? Have you done a study [or is your testimony strictly anecdotal] which indicates that for all of the offices in the country, or even for any specific office or offices, which provides data with respect to this claimed problem with respect to residents vs. non-residents? If not, why not; if so, provide copies and details of the study.

**RESPONSE:**

I have no information on which to base an answer to this interrogatory.

Responses of Witness Landwehr to Interrogatories of David B. Popkin, Docket No. MC96-3

**DBP/USPS-T3-17.** With respect to any surveys referred to in the preceding interrogatories which you have made and which are not made for all offices in the country, explain why you feel the number of offices that you surveyed is representative of the entire country.

RESPONSE:

Not applicable.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-1.** On page 10, lines 14-16, you stated, "My experience leads me to conclude that while these offices are atypical in the pool of all post offices, there are also many similar offices nationwide."

a. Please identify the approximate number of "similar" post offices nationwide that constitutes "many."

b. Please identify, by city or post-office name, these "similar" post offices.

c. Please confirm that these "similar" post offices are, nevertheless, atypical in the pool of all post offices. If you do not confirm, please explain how post offices that are similar to "atypical" post offices are not also, themselves, "atypical."

**RESPONSE:**

a-b. I have no basis for projecting the approximate number of "similar" post offices nationwide. The qualitative statement in my testimony is based on my personal experience as a postmaster.

c. Please see USPS-T-3, page ten, lines 14-16.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-2.** On page 10, lines 8-11, you stated, "Non-residents are often late in paying box fees and sometimes return after their boxes have been closed, demanding their old box number back--notwithstanding that new box customers are already receiving service."

- a. Please identify the approximate percentage of nonresident boxholders who pay their fees late.
- b. Please identify the approximate percentage of resident boxholders who pay their fees late.
- c. Please identify the approximate percentage of nonresident boxholders who pay their fees late, lose their boxes, and then return to the post office and demand their old box number back.
- d. Please identify the approximate percentage of resident boxholders who pay their fees late, lose their boxes, and then return to the post office and demand their old box number back.

**RESPONSE:**

I have no basis for answering these questions. See also my responses to DBP/USPS-T3-1 and 5.

**DFC/USPS-T3-3.** On page 7, lines 16-20, you stated, "Many San Luis customers are the recipients of benefit checks from federal and state authorities, who typically verify the physical addresses of clients who use post office boxes. The process for responding to these requests under the Freedom of Information Act is resource intensive. This office typically receives from 80 to 100 such requests every four weeks."

a. Please identify the percentage of resident boxholders in San Luis whose addresses are verified by federal and state authorities.

b. Please identify the percentage of nonresident boxholders in San Luis whose addresses are verified by federal and state authorities.

c. Is the federal and state authorities' practice of verifying the physical addresses of clients who use post-office boxes unique to San Luis, Arizona?

d. If the clients described in (c) were instead residents (as defined for this rate case) of another city and had a post-office box in that city, would that post office expect to receive verification requests similar to those that the government agencies serve on the San Luis post office?

e. If your answer to (d) is yes, is the client's status as resident or nonresident, as defined for purposes of this rate case, at all relevant to assessing the burden these clients cause for the Postal Service?

f. If you are unable to provide data for (a) and (b) above, please explain the basis for the implication in your testimony that responding to these verification requests is a challenge "rooted in the non-resident customer base." USPS-T-3 at p. 7, line 10.

#### RESPONSE:

a-b. I have no basis for answering these questions. See also my responses to DP/USPS-T3-1 and 5. While the San Luis postmaster estimates that 85 percent of the FOI address verification requests she receives are local residents, it is not clear how she defines "local" or "resident."

c. No. See 39 CFR 265.

d. I am unable to answer this question, which calls for speculation.

e. Not applicable.

f. See my responses to DBP/USPS-T3-1 and 5.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-4.** On page 7, lines 25-26, and page 8, line 1, you stated, "Use of the box is difficult to control, since many box holders routinely allow other parties to use their boxes."

a. Please identify the percentage of nonresident boxholders who allow other parties to use their box and, as a consequence, create added administrative burdens on the post office.

b. Please identify the percentage of resident boxholders who allow other parties to use their box and, as a consequence, create added administrative burdens on the post office.

**RESPONSE:**

Please see my responses to DBP/USPS-T3-1 and 2.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-5.** On page 8, lines 2-3, you stated, "Infrequent use of the box results in a higher than normal incidence of lost or forgotten box keys."

a. Please identify the percentage of nonresident boxholders who use their boxes infrequently and lose or forget their keys.

b. Please identify the percentage of resident boxholders who use their boxes infrequently and lose or forget their keys.

**RESPONSE:**

Please see my responses to DBP/USPS-T3-1 and 2.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-6.** On page 9, lines 15-18, you stated that nonresident customers tend to call for their mail infrequently and irregularly, thus causing their mail to accumulate and exceed the capacity of the box.

- a. Please define "infrequently" in terms of calendar days.
- b. Please identify the percentage of nonresident boxholders who call for their mail infrequently and irregularly, causing their mail to accumulate and exceed the capacity of the box.
- c. Please identify the percentage of resident boxholders who call for their mail infrequently and irregularly, causing their mail to accumulate and exceed the capacity of the box.

**RESPONSE:**

- a. The term "infrequently" was used qualitatively, not quantitatively. I did, however, speak to the Blaine postmaster who stated that "infrequently" to him meant once or twice a month. In some cases, mail pickup is more frequent, but he does not log box customer pickups.
- b-c. Please see my responses to DBP/USPS-T3-1 and 2.



**DFC/USPS-T3-7.** On page 9, lines 20-23, you stated that nonresident customers often open their mail in the lobby and summarily discard envelopes and packaging materials, creating lobby clutter and the need for additional custodial resources.

a. Please identify the percentage of nonresident boxholders who "summarily discard envelopes and packaging materials in the lobby."

b. Please identify the percentage of resident boxholders who "summarily discard envelopes and packaging materials in the lobby."

c. Please explain the methods you used to determine that the boxholders who behaved as you described in lines 20-23 were, in fact, nonresident boxholders.

d. Please state the number of boxholders on whom you performed the investigatory methods described in your answer to (c).

e. Do you confirm that post offices who experience the problems you described in lines 15-23 spend more on custodial resources than they would if these offending boxholders checked their mail daily instead of only infrequently? If yes, please explain why the time spent cleaning up a large quantity of mail on an infrequent basis would be greater than the time that would be spent if these boxholders left a smaller amount of mail in the lobby each day but did so more frequently.

f. Is the problem you described on page 9, lines 20-23 related in any way to the size of the customer's box?

**RESPONSE:**

a-b. Please see my responses to DBP/USPS-T3-1 and 2.

c. I acquired this information by talking to the postmasters from the three post offices mentioned my testimony. I also visited these offices and made observations of their post office box operations. The term "nonresident" has yet to be fully defined; my understanding is that it is used subjectively by postmasters to mean any boxholder not permanently residing in a local delivery area.

d. Not applicable.

e. Unable to confirm. However, the respective postmasters confirm their understanding that the sheer volume of discarded box mail requires many custodial trips to the trash dumpster.

f. No.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-8.** On page 8, lines 6-8, you stated, "Many customers are unable to fill out the necessary forms without assistance, and require time consuming [sic] explanations of the services available."

a. Do you claim that nonresident boxholders are less able to fill out the forms without assistance than resident boxholders?

b. If your answer to (a) is yes, does this generalization hold for post offices nationwide?

c. If your answer to (a) is yes, please explain how you determined that the customers described on page 8, lines 6-8 were nonresidents, as defined for this rate case.

d. If your answer to (b) is yes, can you offer a possible explanation?

**RESPONSE:**

a. No. The cited section of my testimony relates to the San Luis Post Office, where many non-native speakers of English come into the office to complete various forms. They require additional assistance.

b-d. Not applicable.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-9.** On page 3, lines 24-26, and page 4, lines 1-2, you stated that the post office in Middleburg, VA, has 1,856 boxes and a waiting list of 15 to 20 prospective customers. You characterized demand for additional boxes in Middleburg as "strong." On page 8, lines 18-22, you stated that the Blaine, WA, post office has 4,724 boxes and a waiting list of 150 prospective customers. You characterized demand for additional boxes in Blaine as "strong."

a. Please provide examples of waiting lists that you would characterize as representing, respectively, "moderate" and "weak" demand.

b. Please explain briefly how you calculated demand. Is demand a relationship between the number of boxes in the post office and the size of the waiting list? Is the time a prospective customer must spend on the waiting list a factor in your calculation of demand?

**RESPONSE:**

I do not have the requested information. The use of the term "strong" is qualitative, not quantitative, comparing the Blaine and Middleburg Post Offices to other offices. I performed no calculations to determine demand.

Response of Witness Landwehr to Interrogatories of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T3-10.** In OCA/USPS-T3-1(a) and OCA/USPS-T3-2(a), the OCA requested that you provide the number of boxes held by resident and nonresident businesses and nonbusinesses at, respectively, the Villa Rica, GA, post office and the Middleburg, VA, post office. You replied that the only information that is available about these box customers is their box application. Response to Interrogatories OCA/USPS-T3-1(a) and OCA/USPS-T3-2(a). You replied further that "The current post office box application does not provide any other information that would identify nonprofit or residence status." *Id.* Given the Postal Service's apparent inability to identify the residence status of box customers, please explain the basis for the following statements in your original testimony:

- a. Page 10, lines 8-11: "Non-residents are often late in paying box fees and sometimes return after their boxes have been closed, demanding their old box number back--notwithstanding that new box customers are already receiving service."
- b. Page 7, lines 25-26, and page 8, line 1, referring to nonresident box customers: "Use of the box is difficult to control, since many box holders routinely allow other parties to use their boxes."
- c. Page 8, lines 2-3, referring to nonresident box customers: "Infrequent use of the box results in a higher than normal incidence of lost or forgotten box keys."
- d. Page 9, lines 15-18, where you stated that nonresident customers tend to call for their mail infrequently and irregularly, thus causing their mail to accumulate and exceed the capacity of the box.
- e. Page 9, lines 20-23, where you stated that nonresident customers often open their mail in the lobby and summarily discard envelopes and packaging materials, creating lobby clutter and the need for additional custodial resources.
- f. Page 8, lines 6-8, referring to nonresident box customers: "Many customers are unable to fill out the necessary forms without assistance, and require time consuming [sic] explanations of the services available."

**RESPONSE:**

I acquired information by talking to the postmasters from the three post offices mentioned my testimony. I also visited these offices and observed their post office box operations. The term "nonresident", is subjectively defined as any boxholders not residing in the local area.

Responses of Witness Landwehr to OCA/USPS-T3-1-3, page 1, Docket No. MC96-3.

OCA/USPS-T3-1. In your testimony at 2, you indicate that Villa Rica presently has no caller service customers. Your testimony at 3 indicates that the Villa Rica facility is a fairly typical post office.

- a. For each of the Post Office box sizes at the Villa Rica post office, please indicate the number of boxes held by resident businesses, nonresident businesses, nonprofit resident organizations, nonprofit nonresident organizations, resident nonbusinesses and nonresident nonbusinesses.
- b. You state in your testimony that there are currently no caller service customers at Villa Rica. For the most recent fiscal year for which information is available, please indicate the number of post offices that have caller service customers, the number of caller service customers per post office, and the average annual volume of mail delivered to a caller service customer.
- c. What action would be taken by the Villa Rica Post Office if a nonbusiness resident requested a post office box and there were no unused post office boxes available in the size requested by that customer?
- d. What action would be taken by the Villa Rica Post Office if a nonbusiness nonresident requested a post office box and there were no unused post office boxes?
- e. What action would be taken by the Villa Rica Post Office if a business resident requested a post office box and there were no unused post office boxes?
- f. What action would be taken by the Villa Rica Post Office if a business nonresident requested a post office box and there were no unused post office boxes?

RESPONSE:

- 1.a. The only information available regarding these box holders consists of their box applications, which a manual review of reveals that the Villa Rica Post Office has 149 businesses and 561 individual post office box customers. The current post office box application does not provide any other information that would identify nonprofit or residence status.
- 1.b. While I have no information that would permit me to answer this question and I understand the Postal Service has no means of

Responses of Witness Landwehr to OCA/USPS-T3-1-3, page 2, Docket No. MC96-3.

ascribing mail volume to individual caller box customers, witness Lion informs me that based upon his study 4,092 post offices offer caller service to an average of 25 customers each.

- 1.c-f. There are no regulations or guidelines for this procedure but as a business practice, I have instructed my employees first to: 1) offer the customer the next available box size; then 2) offer to put the customer on a waiting list; and finally 3) suggest that the customer seek box service at a neighboring facility.

Responses of Witness Landwehr to OCA/USPS-T3-1-3, page 3, Docket No. MC96-3.

OCA/USPS-T3-2. In your testimony at 4, you indicate that the Middleburg, VA, Post Office has a waiting list of 15 to 20 prospective customers.

- a. Please specifically identify, how many of the Middleburg, VA, post office box holders are: resident nonbusinesses, nonresident nonbusinesses, resident businesses, nonresident businesses, resident nonprofit organizations, and nonresident nonprofit organizations.
- b. Of the 15 to 20 wait listed prospective post office box customers, how many are: resident nonbusinesses, nonresident nonbusinesses, resident businesses, nonresident businesses, resident nonprofit organizations, and nonresident nonprofit organizations?
- c. Please describe the process used to determine who on the waiting list will be offered the next available post office box?
- d. If a post office box becomes available to rent, is there any preference given to offering the box to a resident versus a nonresident?
- e. If a post office box becomes available to rent, is there any preference given to offering the box to a resident business versus a resident nonbusiness?
- f. You indicated that the Middleburg, VA, Post Office has a waiting list for post office boxes. Assume that a current nonresident-post-office-box holder's fee is up for renewal. Which methodology does the Postal Service follow: offer the box to the first resident on the waiting list, or allow the current box holder to renew their post office box service without reviewing resident status?
- g. Does the Postal Service currently offer post office box service on a first-come first-serve basis?

RESPONSE:

- 2.a. The only information available regarding these box holders consists of their box applications, which a manual review of reveals that the Middleburg Post Office has 366 business and 1490 individual post office box customers. The current post office box application does not provide any other information that would identify nonprofit or residence status.
- 2.b. There are no regulations or guidelines for maintaining and managing a post office box waiting list. I would record the customer's name, phone number and date of request; I understand the Middleburg postmaster

Responses of Witness Landwehr to OCA/USPS-T3-1-3, page 4, Docket No. MC95-3.

does the same. Hence, the existing Middleburg waiting list provides no further basis for answering the question.

- 2.c-e. There are no regulations or guidelines for the maintenance and management of a post office box waiting list. I understand that in general boxes are offered to customers on a first come first serve basis, although customers who are ineligible for carrier delivery may sometimes be given priority.
- 2.f. Since resident status is not pertinent to box holder's renewal rights, boxes are first made available to incumbent box holders.
- 2.g. Yes, although as previously noted, eligibility for duplicate delivery service can also be important.



Responses of Witness Landwehr to OCA/USPS-T3-1-3, page 5, Docket No. MC96-3.

OCA/USPS-T3-3. In your testimony at 7 and 10, you suggest that one of the problems with non-resident customers is that all communications are long-distance.

- a. Does the Postal Service call collect, or otherwise charge, non-resident box holders?
- b. If the Postal Service does not have a policy of calling collect why does it not have this policy?

RESPONSE:

3.a. No.

3.b. While I am not a policy witness in this case, I can only assume that postal policy makers have not found sufficient need for such a policy.

**OCA/USPS-T3-4.** Please describe the general process for assigning boxes to customers. For example, suppose that a new box section is opened with 200 size 1 boxes, numbered 1001-1200.

- a. Are new box holders assigned boxes in some sequential order? For example, would the postmaster assign box 1001, then 1002, then 1003 to the first 3 applicants?
- b. Suppose that this new box section has 20 box holders (and 180 unrented boxes). Are there any processing advantages to the postmaster to assign the boxes 1001-1020 as opposed to sprinkling these 20 box holders in no particular pattern among the available boxes? Please explain.
- c. If only boxes 1001-1020 are rented, and the boxholder for box 1005 moves (leaving a forwarding address), then is the next applicant for a box assigned to 1005, 1021, or just any of the non-rented boxes? Would box 1005 be left unrented for a period of time for forwarding purposes? Please explain.

**RESPONSE:**

- a. There are no regulations or guidelines for this process. One possibility -- one that I have instructed my employees to use, is to assign post office boxes in sequential order within box size.
- b. A processing advantage can arise from assigning post office boxes in sequential order since clustering of boxes in use facilitates efficient distribution of mail to them.
- c. The box would remain out of service for some period of time (a minimum of ten days in my office) to allow for the forwarding order to take effect. Until that time has passed, a new customer would be assigned the next available box, *i.e.*, 1021. However, after the waiting period box 1005 would be available and could be the next one assigned.

Response of Witness Landwehr to Interrogatories OCA/USPS-T3-4-6, page 2.

**OCA/USPS-T3-5.** Refer to page 4, lines 9-11 of your testimony concerning postal customers in Middleburg, VA.

- a. How many postal customers living within the Middleburg corporate limits rely on post office box service?
- b. How many postal customers living within the Middleburg corporate limits rely on general delivery service?
- c. How many postal customers live within the Middleburg corporate limits?

**RESPONSE:**

Answers to these questions are based upon my discussions with the Middleburg postmaster.

- a. Approximately 675.
- b. Five, a number which has been quite stable over time.
- c. There are an estimated 700 potential delivery points within Middleburg.

**OCA/USPS-T3-6.** Refer to pages 4-5, lines 19-25 and 1-2, respectively, of your testimony concerning Middleburg, VA post office boxes.

- a. Please explain in detail how and where "mail volumes which exceed box capacity . . . [are] stored separately awaiting pickup."
- b. Please indicate the average length of time mail volumes which exceed box capacity are stored.
- c. Please explain to what alternative uses the space currently allocated to storage would be put in the absence of "between 50 to 60 tubs of mail that must be stored until pickup."
- d. Please indicate whether the 50 to 60 tubs of mail that must be stored until pickup is an average per day, per week, or specify some other time period.
- e. Please define "tub," giving its dimensions, and volume in cubic feet.
- f. Please estimate the volume of mail held by a "tub."

**RESPONSE:**

- a. Any overflow mail is identified as the mail is worked. It is then placed in flat tubs located on the parcel pick up shelves, in the vicinity of the box section, or on the work room floor for storage.
- b. The Middleburg postmaster estimates an average of two weeks.
- c. Determining how space would be used that is not and has not been available calls for speculation. The Middleburg Post Office is fairly tight on space, so one might expect that the work room floor would be less cluttered thus facilitating all other operations that reach the work room.
- d. The Middleburg postmaster characterizes the 50 to 60 tubs as a daily average.
- e-f. Tub's are the standard white plastic containers designed to hold and transport flat and small parcel mail. Each measures 18" long, 12" wide, and 12" deep and is reported as containing one foot of mail volume.

Response of Witness Landwehr to OCA Interrogatories OCA/USPS-T3-7-9, MC96-3

**OCA/USPS-T3-7.** In your testimony at 4, you indicate that the non-resident customers in Middleburg, VA, tend to call for their mail at infrequent and irregular intervals.

- a. Of the non-resident post office box holders whose mail volume exceeds the box capacity, how frequently does the mail exceed the box capacity for 12 consecutive business days? Your response should include the percentage of non-resident post office box holders whose mail exceeds box capacity for 12 consecutive business days. Please provide the same percentage for resident post office box holders.
- b. For those non-resident customers who call for their mail at infrequent and irregular intervals, what is the average number of business days each month that post office box mail exceeds the box capacity? Please provide the same estimate for resident customers.
- c. Do any resident customers call for their mail at infrequent and irregular intervals? Please estimate the percentage of resident customers who call for their mail at infrequent and irregular intervals. Provide the same estimate for non-resident customers.
- d. For resident post office box holders, what is the average period of time between visits to retrieve their mail? Please provide the same estimate for non-resident customers.

**RESPONSE:**

- a-d. As explained in the Response to OCA/USPS-T3-1a, this information is not available.

Response of Witness Landwehr to OCA Interrogatories OCA/USPS-T3-7-9, MC96-3

**OCA/USPS-T3-8** The following interrogatory refers to your testimony at 9.

In a recent case, one non-resident customer failed to pick up mail for over three weeks, and during that period, four containers of mail accumulated for the customer.

Did the Postal Service follow Domestic Mail Manual D920.1.7 and require the customer to use caller service? Please explain what action was taken. If no action was taken, explain why not.

**RESPONSE:**

*See the Response to OCA/USPS-9.*

The cited section of my testimony refers to the Blaine Post Office, which does not have any available post office boxes. Accordingly, that customer would continue to use the same box.

This interrogatory interprets DMM § D920.1.7 incorrectly since that regulation does not require any action by the postmaster. It states that the postmaster “can require,” which means the postmaster has discretion whether to take the prescribed measures. In addition, that regulation generally addresses daily mail overflow rather than mail accumulation, so it is not clear that it would be implicated by the facts described in my testimony even if larger boxes were available.

Requiring customers to move to a larger or more boxes, or to caller service, carries with it additional workload for the Postal Service and the customer since the customer’s address changes. Delivery delays inherent in forwarding mail and the need for the customer to notify correspondents tend to have a negative impact upon customer satisfaction. For these reasons, postmasters have an incentive to exercise the discretion inherent in 920.1.7 by managing the overflow problem rather than to force address changes upon customers.

Response of Witness Landwehr to OCA Interrogatories OCA/USPS-T3-7-9, MC96-3

**OCA/USPS-T3-9.** Refer to page 3, lines 12-14, of your testimony concerning your familiarity with the operations in the Middleburg, VA; San Luis, AZ; and Blaine, WA post offices. Please confirm that the administrative burden associated with post office boxes rented by non-resident foreign nationals is greater than the administrative burden associated with non-resident US nationals. If you do not confirm, please explain.

**RESPONSE:**

Partially confirmed. The primary administrative burden caused by non-resident boxholders relates to the inability to locate and communicate with them, and this trait is shared by both foreign and domestic boxholders. It is my impression, however, that communicating internationally is generally more difficult than domestically. The Postal Service proposals in this case, however, pertain only to non-residents without distinguishing between foreign and domestic non-residents.

Responses of Witness Landwehr to Interrogatories OCA/USPS-T3-10-12

**OCA/USPS-T3-10.** Your testimony at 5 discusses post office box service in San Luis, AZ.

- a. What measures does the Postal Service currently follow in San Luis, AZ, to verify the accuracy of the data on PS Form 1093, Application for Post Office Box or Caller Service?
- b. Please confirm that an Arizona driver's license may have either a physical street address or a post office box address on the face of the license. If you are unable to confirm, please explain.
- c. Please confirm that AZ residency is not a requirement for the issuance of a valid AZ driver's license or identification card. If you are unable to confirm, please explain.

**RESPONSE:**

- a. The San Luis Post Office informs me that they use state drivers' licenses, military identification, utility bills, and carrier verification to verify the accuracy of the data on the PS Form 1093.
- b-c. Unable to confirm. I have no knowledge of the requirements and policies underlying Arizona drivers' licenses.



Responses of Witness Landwehr to Interrogatories OCA/USPS-T3-10-12

**OCA/USPS-T3-11.** Your testimony at 3 discusses the Middleburg, VA Post Office.

- a. Please confirm that VA residency is required in order to obtain a VA identification card or state drivers license. If you are unable to confirm, please explain.
- b. Please confirm that a post office box address on a VA drivers license or state identification card is prohibited except where the population is less than 10,000 and the physical address designation is a post office box or rural route address. If you are unable to confirm, please explain.

**RESPONSE:**

- a-b. Unable to confirm. I have no knowledge of Virginia's driver license and identification card requirements and policies.

Responses of Witness Landwehr to Interrogatories OCA/USPS-T3-10-12

**OCA/USPS-T3-12.** Refer to your response to OCA/USPS-T3-1(a) and OCA/USPS-T3-2(a).

- a. Please provide a copy of Postal Service form PS 1093.
- b. Please confirm that the box application requires a box holder to provide a physical address. If you do not confirm, please explain.
- c. Assuming the Commission recommends the proposed changes for post office boxes, what changes are proposed for the box application so as to reflect residence status?

**RESPONSE:**

- a. A copy of PS Form 1093 is attached to these Responses.
- b. Confirmed. See block 5 of the PS Form 1093 in which the box applicant is required to provide his or her address including street address, city, state, and ZIP Code.
- c. I do not know. My testimony focuses on the current rules for operating and managing post office boxes, not what might happen in the future. In any event, I am informed that any changes required for any implementation of the results of the Special Services Reform case have not been finalized.

# APPLICATION FOR POST OFFICE BOX

450

CUSTOMER: Complete Items 1, 3-7, 15 and 19

(Item 2 for P.O. Use ONLY)

1. Name to which box number(s) is(are) assigned		2. Box/Caller Nos. _____ Thru _____	
3. Name of person making application (If representing an organization, show title and name of organization if different from above)			
4. Will this box be used for soliciting or doing business with the public? (Check one) a. <input type="checkbox"/> YES    b. <input type="checkbox"/> NO			
5. Address (No., Street, City, State and ZIP Code. Record address change on reverse and line out address below.)		6. Telephone No. (If any)	

APPLICANT PLEASE NOTE: Execution of this application signifies your agreement to comply with all postal rules relative to Post Office boxes and caller service.

7. Signature of applicant (Same as Item 3)	8. Date of application
--	------------------------

## ITEMS 8-15: TO BE COMPLETED BY POST OFFICE

9. Type of identification (Driver's license military identification, other; show identification no.)		10. Eligibility for carrier-delivery <input type="checkbox"/> CITY <input type="checkbox"/> RURAL <input type="checkbox"/> NONE		11. Box size needed	
12. Dates of Service a. Started _____ b. Ended _____		13. Service Assigned a. <input type="checkbox"/> Post Office Box    b. <input type="checkbox"/> Caller c. <input type="checkbox"/> Reserve Number		14. Information Verified by a. (Initials) _____	

PS Form 1093, July 1989

(PART I) APPLICATION FOR POST OFFICE BOX OR CALLER SERVICE

CUSTOMER: Complete Items 15 and 19.

SPECIAL ORDERS		ITEMS 16-18: TO BE COMPLETED BY POST OFFICE	
15. Postmaster:  The following named persons, or authorized representatives of the organizations listed are authorized to accept mail addressed to this(these) post office box or caller number(s). Continue on reverse if necessary.  <input type="checkbox"/> Check if reverse is used.		16. Post Office Box/Caller number for which this card is applicable _____ through _____	
a. Applicant (Same as Item 3)		17. <input type="checkbox"/> Check if box is to be used for Express Mail reshipment.	
b. Name in which box rented (Same as Item 1)		18.	
c. Other		<div style="border: 1px solid black; padding: 10px; text-align: center;"> Post Office          Date Stamp </div>	
d. Other			
CUSTOMER NOTE: Possession of post office box Key or combination may be considered by the Postal Service to be valid evidence that possessor is authorized to remove mail from boxes.		19. I have read instructions and will comply	
		Signature of Applicant (Same as Item 3)	

PS Form 1093, July 1989

(PART II) APPLICATION FOR POST OFFICE BOX OR CALLER SERVICE

Use separate card for each number or inclusive group of numbers, and type of service. File Part I alphabetically by Customer's Name.

Use separate card for each number or inclusive group of numbers, and type of service. File Part II by box or caller number.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-13.** Refer to page 4, lines 9-11, of your testimony.

- a. Please explain the rationale for not providing delivery within the corporate limits of Middleburg, given that approximately two-thirds of the 1,856 box holders are residents and "all city residents and businesses rely on post office boxes for mail delivery."
- b. How much box revenue would be lost to the Middleburg Post Office if delivery service were provided within the corporate limits?

**RESPONSE:**

- a. Please refer to Domestic Mail Manual Transition Book § 156.22. The residents living within the corporate limits of Middleburg are ineligible for delivery since they live within 1/4 mile of the post office.
- b. I do not know what the box revenue loss would be if delivery services were provide within the city limits. The Middleburg postmaster informed me that some residents would not migrate to street delivery while others would, and there is no way to estimate how many customers would choose each.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-14.** Refer to page 4, lines 16-17, of your testimony concerning non-resident box holders. Please explain how you determined that one third of post office box customers "reside outside the service area of the office."

**RESPONSE:**

This part of my testimony refers to the Middleburg post office, and the subjective estimate was provided to me by the Middleburg postmaster based on knowledge of his office.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-15.** Refer to page 4, lines 21-24, of your testimony concerning “temporary forwarding orders.”

a. Please confirm that the Postal Service does not charge post office box (or other) customers a fee for the forwarding of mail or change of address orders. If you do not confirm, please explain.

b. Please estimate the number of temporary forwarding orders generated by residents and non-residents, and state the time period during which these orders were generated.

c. Please confirm that the cost of processing a temporary forwarding order is the same for a non-resident as it is for a resident box holder. If you do not confirm, please explain.

**RESPONSE:**

a. Confirmed that box customers are not charged fees for forwarding of mail that other delivery customers are not charged. *See* DMM § F020, Forwarding. While mailers often pay for forwarding, delivery customers may agree to pay for forwarding under certain circumstances. DMM § D020.3.6.

b. Since the cited section of my testimony relates to the Middleburg Post Office, I asked the Middleburg postmaster for help in responding to this interrogatory. He estimates that his office receives an average of about 40 temporary forwarding orders each month. He was unable to break this estimate down into residents and nonresidents.

c. Confirmed.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-16.** Refer to page 6, footnote 1, of your testimony.

- a. At what stage in the planning process is the new facility for San Luis, AZ?
- b. What is the expected date of opening of this new facility?

RESPONSE:

- a. The solicitation for bids on construction of the new San Luis facility has been issued.
- b. The most recent estimate is spring of 1997.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-17.** Refer to page 7, lines 16-18, of your testimony. Please confirm that resident and non-resident box holders are “recipients of benefit checks from federal and state authorities.” If you do not confirm, please explain.

**RESPONSE:**

Confirmed. I understand from the San Luis postmaster that both domestic and foreign customers are recipients of benefit checks from federal and state authorities.



Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-18.** Refer to page 7, lines 18-19, of your testimony.

- a. Please explain the policy of the Postal Service with respect to responding to Freedom of Information Act requests.
- b. Please explain "[t]he process for responding to" Freedom of Information Act requests.
- c. Please explain whether Freedom of Information Act requests on behalf of non-residents are proportionately greater than such requests on behalf of residents.
- d. Please confirm that the cost of processing Freedom of Information Act requests on behalf of non-residents is the same as the cost of processing such requests on behalf of residents. If you do not confirm, please explain.
- e. Does the Postal Service request reimbursement for whatever costs are incurred in processing Freedom of Information Act requests? Please explain.

**RESPONSE:**

- a. The policy and procedures on Freedom of Information Act requests and fees are set forth in 39 Code of Federal Regulations sections 261-267 and the Administrative Support Manual, section 352.
- b. FOI requests of the type described in my testimony seek physical addresses of box holders. Upon receipt, the adequacy of the request is verified, the address is identified and written upon the form. Any fees are collected and processed and the FOI form is returned to the appropriate authority.
- c. I do not know.
- d. While I am not well informed regarding costs, the procedures for handling FOI requests are the same regardless of the residence status of the box customers involved. On this basis, confirmed.
- e. Please see OCA/USPS-T3-18 a.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-19.** Refer to your testimony at pages 7-8, lines 25-26, and lines 1-2, respectively, of your testimony. Please confirm that the Postal Service provides box service only where the person(s) whose name(s) is listed on the box application form (PS Form 1093) matches the name(s) on the mail piece.

a. If you do not confirm, please explain under what circumstances the Postal Service provides box service to a person(s) not named on the box application form.

b. If you do confirm, please explain how "[u]se of the box is difficult to control."

**RESPONSE:**

Confirmed. Please see DMM § D910.3. All names listed on the box application, PS Form 1093, are authorized by the box holder and the Postal Service to receive mail at a post office box.

This part of my testimony refers to the San Luis Post Office. The San Luis postmaster informs me that many boxes have multiple individuals using the same box number. It is not unusual for one of the multiple individuals to pick up the mail and not advise the boxholder. This requires the customer to stand in line and wait for a clerk to walk to the back and confirm that the mail has been picked up. This is time consuming for the customer and postal personnel. When I visited the San Luis Post Office I observed several such incidents at the front retail counter. The San Luis Post Office has over 6100 box customers and many of the boxes have multiple users, thus lending to frequent checks of this type.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-20.** Refer to your testimony at pages 7-8, lines 22-26 and lines 1-8, respectively. Also, refer to pages 9-10, lines 25-26 and lines 1-11, respectively. Please confirm that the "administrative requirements" ascribed to non-resident box customers on the above referenced pages will not be reduced, even if the Commission recommends the Postal Service's proposal for post office boxes. If you do not confirm, please explain the basis for your conclusions.

**RESPONSE:**

I do not know what the Commission will recommend, the Governors will approve, or the rules that might be implemented. Accordingly, any answer to this interrogatory would be pure speculation.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-21.** Refer to page 9, lines 5-6, of your testimony.

a. What proportion of all box holders in the Blaine Post Office is made up of Canadian citizens?

b. Please confirm that "Canadian citizens who own vacation property" in the Blaine delivery area could avoid the proposed non-resident fee by providing proof of residency, such as a "utility hookup (gas, electric, water, sewage, trash), a current lease, a mortgage, a deed of trust, a cable TV hook-up or bill, or any other verifiable proof of a street address." (See, USPS-T-7 at 24.)

RESPONSE:

a. The Blaine postmaster, based on knowledge of his office, estimates that approximately 65-70 percent of the boxholders in Blaine are Canadian citizens.

b. I cannot confirm. The definition of residents and nonresidents as it relates to post office boxes has not been finalized, and what documentation is available to Canadian landowners in the Blaine area is unknown to me. It is possible, however, that Canadian citizens who own vacation property in the Blaine area may avoid the nonresident surcharge.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-22.** Refer to page 10, lines 14-16, of your testimony.

a. Please provide all surveys, data, studies, reports or other material that support the conclusion that "there are also many similar offices nationwide."

b. Please provide the number of similar offices nationwide, with reference to any of the information requested in (a) above.

c. If you are unable to provide the information requested in (b) above, please estimate, based upon your experience, the number of similar offices nationwide.

**RESPONSE:**

a-c. This qualitative statement reflects conclusions based upon my knowledge and experience, and is not based on quantitative studies or reports. I have no means of projecting the number of similar offices nationwide.

**OCA/USPS-T3-23.** Please refer to your response to OCA/USPS-T3-4.

a. In response to OCA/USPS-T3-4a, you mention one possibility for post office box assignment. Are you aware of other methods used by postmasters for post office box assignment? If so, please describe them.

b. In response to OCA/USPS-T3-4a, you state that you instruct your employees to assign post office boxes sequentially. Are you aware of other postmasters who similarly instruct their employees? If so, please describe any similarities and differences with the method you use.

c. In response to OCA/USPS-T3-4a, you state, "There are no regulations or guidelines for this process." Are there any regulations or guidelines regarding efficient management or operation of post office box sections? If so, provide them. Are postmasters evaluated positively for efficient utilization of resources in operating their offices? Please explain.

d. Your response to OCA/USPS-T3-4b states that sequential assignment of boxes results in efficient distribution of mail to boxes. Would it be inefficient to assign the 20 boxes in no particular pattern (randomly) as opposed to your method? Please explain.

**RESPONSE:**

- a. I am not aware of any other specific instructions or methods used by postmasters for post office box assignment.
- b. The operational efficiencies underlying the methods I described are shared by all other offices. Thus, I would expect any method that results in clustered box assignments would work equally well.
- c. As part of the oversight management of post offices, operation teams will visit post offices to observe their operations. That review includes the post office box section. These teams observe the box section area, the way it is set up, managed, and maintained, and offer recommendations for improvement.
- d. It depends how you define random. If the random assignment is within the same box section area or in an active assignment area, then it may not be inefficient. However, if the random assignment results in a box being assigned in vacant unassigned section(s), then it could result in inefficiency.

Responses of Witness Landwehr to Interrogatories of the Office of the Consumer Advocate, Docket No. MC96-3

**OCA/USPS-T3-24.** Please assume the following: (1) Two Postal Service customers work in a Zip Code area that differs from the Zip Code area in which they reside. (2) Customer A rents a post office box in the area near his office and thus checks his box at least once a day. Mail volume rarely exceeds box capacity. (3) Customer B rents a post office box in the Zip Code area where he resides. He does not visit his box on a daily basis. Accumulated volume may frequently exceed box capacity.

a. Given the Postal Service's stated concern in MC96-3 that non-resident mail volumes frequently present problems due to inadequate mailbox capacity and the scenario presented in this interrogatory, which customer would a postmaster prefer?

b. Please explain the rationale for charging a non-resident fee to Customer A, whose mail volumes are less likely to exceed box capacity than are Customer B's.

**RESPONSE:**

- a. A postmaster would prefer any box customer who pays regularly and follows the regulations concerning the use of a post office box as stated in DMM § D910.3.0.
- b. Please see the testimony of witness Needham USPS-T-7, pages 25 and 37-38.

Responses of Witness Landwehr to OCA Interrogatories Re-directed from Witness Lion, Docket No. MC96-3

**OCA/USPS-T4-44.** Refer to LR-SSR-113, page 4, and the response to OCA/USPS-T4-23.

a. Please confirm that the "P.O. Box Unit Survey" instructions requested that reporting facilities "[r]eport the total number of caller service customers . . . ." If you do not confirm, please explain.

b. What evidence do you have that "unit managers" responding to the line, "Caller Service: Number of Customers" in the survey referred to in (a) above were providing a count of the "caller numbers that are assigned to the callers . . . for each separation used"? (See Response to OCA/USPS-T4-23; DMM § D920.1.4.)

c. What evidence do you have that "unit managers" responding to the line "Caller Service: Number of Customers" in the survey referred to in (a) above were providing a count of the "number of persons or organizations receiving caller service"? (See Response to OCA/USPS-T4-23; DMM § D920.1.2.)

c[sic]. Please provide any additional instructions to "unit managers" responding to the survey referred to in (a) above concerning the data requested for "Caller Service: Number of Customers."

RESPONSE:

Only subparts b and c of this interrogatory were re-directed to Witness Landwehr.

b-c. The P O Box Survey that asked for "Caller Service: Number of Customers" in USPS LR-SSR-113, page 4, would be most likely interpreted by responding postmasters as requesting the total number of separations. Workload impact and work hour requirements for distribution in post office box units are based on volumes and number of separations, not the number of individuals or businesses requesting those separations. For example, a post office may have a business customer that uses ten different caller service separations for ten different departments. The work load impact is based on the volume and number of separations, regardless of the actual number of customers underlying those separations.



Responses of Witness Landwehr to OCA Interrogatories Re-directed from Witness Lion, Docket No. MC96-3

**OCA/USPS-T4-45.** Refer to LR-SSR-113, page 4, and the response to OCA/USPS-T4-23. Suppose that an office has three caller service customers and a total of six caller service numbers or separations. Suppose also that the "unit manager" mistakenly enters "6" for the total number of caller service customers in the "P.O. Box Unit Survey."

a. Please confirm that such an error would not be detected in your edit process of data from the "P.O. Box Unit Survey."

b. If you do not confirm, please explain what source of additional data was relied on to identify the "6" as being incorrect.

**RESPONSE:**

"Six" would not be an incorrect answer. See my response to OCA/USPS-T4-44b-c.

1                   PRESIDING OFFICER QUICK: Does any participant  
2 have additional written cross examination for Witness  
3 Landwehr?

4                   Three participants requested oral cross  
5 examination of Witness Landwehr. They are Douglas Carlson,  
6 Office of the Consumer Advocate, Mr. Ruderman, and David B.  
7 Popkin.

8                   Does any other participant have oral cross  
9 examination for Witness Landwehr?

10                  Mr. Carlson, will you please begin.

11                  MR. CARLSON: Thank you.

12                               CROSS EXAMINATION

13                  BY MR. CARLSON:

14                  Q     Good morning.

15                  A     Good morning.

16                  Q     And could you pronounce your last name again?

17                  A     Landwehr.

18                  Q     Landwehr.

19                  A     Yes.

20                  Q     Thank you.

21                  On page 1, line 7 through 8, of your testimony,  
22 you testified that you would be describing the, quote,  
23 "unusual aspects of box operations and customers at three  
24 other offices," end quote.

25                  Please explain what you mean by the word

1 "unusual."

2 A I term that as out of the ordinary, something that  
3 would describe an office or a process in a box section that  
4 would be what I would consider to be out of the day-to-day  
5 routine of the box section.

6 Q Would it be fair to say those offices are  
7 unrepresentative of the general pool of post offices  
8 nationwide?

9 A Not really. These four offices -- my office, for  
10 example, I would categorize as an office that does not have  
11 any really outstanding or unusual characteristics in the box  
12 section. I experience most of the things that the other  
13 three offices experience, but not to the extreme that the  
14 other offices experience.

15 The other three offices, Blaine, Middleburg, and  
16 San Luiz, are offices that have an unusual or atypical type  
17 of operations in their box section because of their  
18 characteristics and their location or the geographics of  
19 where they're located.

20 Q Which aspects of the box operations are unusual?

21 A The number of -- for example, the number of -- the  
22 volume of box customers are very high for that level of  
23 office. The volume that they receive, the number of  
24 overflows that they have to deal with, the forwarding orders  
25 they deal with, those type of things are very much out of

1 the ordinary that I'm used to.

2 Q How about the proportion of nonresident boxholders  
3 at those offices?

4 A Well, as, you know, -- the resident-nonresident, I  
5 have to explain. When we started the process of the  
6 testimony and started looking into these offices, there is  
7 no real clear definition of a resident-nonresident, not an  
8 official definition. So when this process started and I,  
9 along with the other three postmasters, were discussing the  
10 approach on describing the offices, we all came to an  
11 agreement of a general term of resident-nonresident, and  
12 that was people who lived either in the service area or  
13 outside of the service area. So based on that, you know,  
14 there is a high number of nonresidents in these offices,  
15 based on that general definition.

16 Q And is it an unusually high percentage of  
17 nonresidents?

18 A From what I'm used to, yes.

19 Q So in that sense, there is a higher number of  
20 nonresidents in those three post offices than in the general  
21 pool of post offices nationwide?

22 A From my experience, I would say so.

23 Q And similarly with box accumulation problems, the  
24 problem is more severe --

25 A Yes.

1           Q     -- in those offices than in the general pool of  
2 post offices nationwide.

3           A     Right. From my experience, it is, yes.

4           Q     On page 3, line 6 through 7 of your testimony, you  
5 stated that, quote, "Aside from the resort community, the  
6 Villa Rica facility is a fairly typical post office." End  
7 quote.

8                     Please explain what you mean when you say that  
9 Villa Rica is typical. In which way?

10          A     Well, that was just a subjective term that I used  
11 to describe what I was used to in post offices. My  
12 experience -- of course, I've been in -- over the 21 years,  
13 I've been -- never counted them, but in probably a few  
14 hundred, easily, different post offices around primarily in  
15 Alabama and Georgia, and when I -- my experience is that my  
16 office experiences a lot of the different aspects that are  
17 described in the other offices, but not an unusual amount.  
18 I experience some overflows, some forwarding and temporary  
19 forwarding, those type of issues, but not to the extreme.  
20 So when I look at it from my background experience, I would  
21 have to say that the post offices I have been in, mine are  
22 pretty representative of what I'm used to experiencing.

23                     When I went to these other three offices, it was  
24 very unusual for me.

25          Q     And so Villa Rica experienced a typical --

1           A     Day to day.

2           Q     -- amount of overflows and forwarding requests.

3           A     Right. Every office has some, to some extent, and  
4     some will be a little higher than others depending on their  
5     local situation, but not to the extreme that I experienced  
6     in these three different offices.

7           Q     Before this case arose, had you complained to  
8     anyone about nonresident boxholders in Villa Rica?

9           A     No, I have not. No, I didn't.

10          Q     Okay. On page 3, lines 11 through 12, you stated  
11     that you are familiar with post office box operations at  
12     three atypical post offices. And do you agree that the  
13     pattern of demand and usage of post office boxes at these  
14     atypical post offices is not representative of the demand  
15     and usage patterns of the general pool of post offices  
16     nationwide?

17          A     Well, I don't have any information that really  
18     would give me the statistics to be able to say that with a  
19     lot of confidence. I can say that these other three offices  
20     -- for example Middleburg is a fair representative of  
21     offices that are located in affluent resort type areas.  
22     They would share similar characteristics. To what extreme,  
23     I wouldn't know. The San Luiz is border town to the Mexican  
24     -- to Mexico, and talking with the postmaster there, I asked  
25     her, you know, is this common with offices that are near the

1 border, and her comment was yes, it is, this is not unusual.  
2 And the same thing with Blaine.

3 So to compare it to the entire nationwide pool, I  
4 wouldn't be able to say that, but if I was to say does San  
5 Luiz represent fair characteristics of towns that border the  
6 Mexican border, I would say based on my conversation with  
7 the postmaster, which she knows that area much better than I  
8 do, I would say that there are similar characteristics. The  
9 same with Blaine and the same with Middleburg.

10 Q How do you know that Middleburg is representative  
11 of post offices in affluent areas?

12 A Well, the feedback from the postmaster, because  
13 the characteristics of Middleburg is that it's affluent, and  
14 whenever you're dealing with an affluent, people tend to  
15 migrate to that area for maybe business purposes, for  
16 example.

17 I'm from Atlanta, and in one of the jobs that I  
18 had as a customer service representative and also the  
19 manager of commercial accounts, it was not unusual to have  
20 requests of businesses that are trying to identify with  
21 Atlanta to have a box on Peachtree Street because it  
22 identifies that business with an Atlanta address, and there  
23 is a high demand in the Atlanta area downtown at the Central  
24 City office as well as the Peachtree Center office.

25 So, you know, based on that, and also the --

1 downtown Birmingham had the Green Springs area, which was  
2 more affluent, along with the Hoover area. There is more of  
3 a demand in those areas for post office boxes, and that's  
4 just based on my experience with those areas.

5 Q Now, in Birmingham and Atlanta, the demand can't  
6 be a result of the prestige address, can it, because the  
7 address simply says Atlanta, Georgia or Birmingham, Alabama?

8 A But there's ways of getting around that. You can  
9 have a business that will have the address -- a particular  
10 address and then immediately below will have a P.O. box.  
11 And so that's the actual address it is delivered to. So it  
12 gives the appearance of the Peachtree Street.

13 Q But that has nothing to do with the post office  
14 box itself carrying the prestige?

15 A Not the post office itself, but the location where  
16 the post office box is.

17 Q But it's the street address --

18 A Yes.

19 Q -- that's carrying the prestige, not the post  
20 office box.

21 A Right.

22 Q So that --

23 A But there would have to be a relationship there.

24 Q But couldn't that person have a post office box on  
25 the east side of town and use the street address of the west



1 side of town?

2 A That's possible. Sure, it's possible.

3 Q Okay. So your testimony that Middleburg is  
4 typical of post offices in affluent areas is really based  
5 just on the experience of three offices.

6 A Just based on that along with some of the  
7 newspaper reports I believe that are in evidence that also  
8 reflect similar -- Beverly Hills I know has a high demand  
9 out there, as well as some of the other areas of the country  
10 that will, you know, will be affected by affluence. Aspen,  
11 Colorado has a similar situation.

12 So it's just not one office, but Middleburg I  
13 think shares a lot of similar characteristics that other  
14 affluent areas would have.

15 Q But no study --

16 A No, no study.

17 Q -- to confirm this?

18 A No.

19 Q Please refer to OCA interrogatory T-3-24.

20 A What was that again?

21 Q OCA interrogatory T-3-24.

22 A Okay.

23 Q Given the Postal Service's stated concern in MC96-  
24 3 that nonresident mail volumes frequently present problems  
25 due to inadequate mailbox capacity and the scenario

1 presented in this interrogatory, which of the following two  
2 customers would the Postal Service prefer: Customer A or  
3 Customer B?

4 A Well, the response that I had to that -- are you  
5 referring to "A"?

6 Q Yes.

7 A Okay, the answer to "A." It's difficult to  
8 compare a Customer A to a Customer B with -- but based on  
9 the information I had here, I would rather just see a  
10 customer, in general, just be a good customer that pays  
11 regularly and follows the regulations of holding the box.

12 Q So you don't care, it doesn't bother you that  
13 Customer B allows mail volume to accumulate and exceed box  
14 capacity?

15 A It depends on the frequency -- how often it  
16 exceeds box capacity and other characteristics. There's  
17 really not enough information here to really be comfortable  
18 in saying exactly how I would choose Customer A or B.

19 Q Suppose it happens twice a month that the box  
20 capacity -- or the volume exceeds box capacity?

21 A By what amount?

22 Q One tub of mail twice a month, the customer has to  
23 come to the counter and pick it up?

24 A Based on that, I wouldn't see that as a major  
25 problem.

1 Q How about four times a month?

2 A It's getting a little bit more of a problem.

3 Q Would that make Customer A then more desirable  
4 than Customer B?

5 A There again, we're dealing with assumptions and  
6 hypotheticals. It would be hard; I'd have to just see the  
7 situation as it developed.

8 Q So apparently, then, boxholders who accumulate  
9 volume do not cause a significant enough problem that it  
10 would make you prefer a customer who checks his mail daily  
11 over a customer who doesn't?

12 A If it's just one customer, if you just have one  
13 overflow box. You know, I typically will deal with, oh, it  
14 varies, but usually two, three or four boxes in my office, I  
15 have to deal with overflows, and I don't consider that to be  
16 a major problem in my office, but when you're dealing with  
17 some of the other offices that's listed in the testimony  
18 where literally the tubs are all over the place because they  
19 don't have room for anything, then that's more of a problem.

20 Q Suppose the office in this hypothetical had 1,000  
21 boxes, 500 of which were held by Customer A and 500 of which  
22 were held by Customer B. Customer B allows his mail to  
23 accumulate three times a month, one tub of mail each time,  
24 and that customer has to come to the window to pick up his  
25 mail, would you prefer to have Customer A's or Customer B's

1 in that office?

2 A I would prefer to have that customer as a unique  
3 zip code. If you're dealing with 500 boxes and they're  
4 having overflows in every box, I think there is a different  
5 option I would look at.

6 Q Can you explain that option?

7 A If you had one customer that had 500 boxes?

8 Q Let me back up. There were 500 people who fit the  
9 description of Customer B and 500 people who fit the  
10 description of Customer A.

11 A Oh, oh, okay. I was going to say, I'm going to  
12 call my commercial accounts department if that's the case.

13 Well, if you had 500 overflow problems, I would  
14 look at the situation differently.

15 Q In other words, a Customer A might be preferable  
16 to a Customer B?

17 A It's possible, yes.

18 Q But if you don't have a large number of people who  
19 fit the profile of Customer B, then accumulated mail volume  
20 is not really a problem?

21 A It may not be a big issue in terms of an operating  
22 issue.

23 Q Who assigned you to the task of examining the  
24 Middleburg, Virginia, San Luis, Arizona and Blaine,  
25 Washington post offices for this case?

1           A       I'll explain to the best of my knowledge. I came  
2 to Headquarters shortly after the first of the year working  
3 on a couple of other projects and there was some meetings  
4 taking place on special service initiatives that's in this  
5 filing.

6                   I have worked off and on through the years in  
7 Headquarters for a number of different type of assignments  
8 and a number of people knew that I was a Postmaster and I  
9 had some field experience in that, so I was asked to sit in  
10 on a few of the meetings just to listen in and give some  
11 feedback.

12                   During the course of the process, these offices  
13 surfaced at different meetings. I don't know which exactly,  
14 meetings, and I don't have the details to that, but the San  
15 Luis, I believe surfaced during one of the senior management  
16 meetings as an office that had a very significant problem  
17 that needed to be looked at.

18                   Then later, I believe there was an article in the  
19 Washington Post concerning the Middleburg Post Office with a  
20 similar problem but a different characteristic, that being  
21 an affluent area.

22                   Then, another meeting was held here, the NAPUS  
23 legislative session they have every year around March and it  
24 was through just conversation that the Postmaster, Mark  
25 Stobbleworth, spoke with John Ward, who is the Vice

1 President of Marketing Systems, about his problems he's  
2 experiencing with his office because he borders the Canadian  
3 border.

4 So, a decision was made -- I'm not sure exactly  
5 who all was involved in the decision -- to bring these  
6 offices together and to discuss their different  
7 characteristics and situations. At that time, I was not  
8 directly involved; I was just asked to coordinate the  
9 activity which I did.

10 Later, after some of the meetings, there was a  
11 decision made, instead of using multiple testimony, it was  
12 just to use one testimony and I was asked if I would testify  
13 since I came from an office that I guess a little more  
14 represented the average, what I'd term the average or  
15 typical type post office, and some offices had unusual  
16 aspects for different reasons.

17 I agreed. I agree to do anything once. That's  
18 something I'm reconsidering right now, but I thought it  
19 would be an interesting challenge and I thought I could  
20 share some interesting aspects as far as the operations of  
21 post offices go.

22 That's how the three were brought in and based on  
23 that, we started having some general conversations and being  
24 more specific about their office. I did go visit the  
25 offices to get kind of a hands-on review of the office,

1     which I met with all three postmasters and shared their part  
2     of the testimony to make sure that the information was  
3     correct and took the time to look at the office. I felt  
4     comfortable with what I saw and then off and on, through the  
5     process, I've spoken to them off and on, on an as-needed  
6     basis.

7                 So that's how they were included and that's how  
8     the testimony pretty well developed.

9                 Q     Do I remember correctly that you testified that at  
10    Villa Rica, you have just a few box accumulation problems  
11    per month?

12                A     Yes. It's not a real serious problem. It's  
13    something that we tend to try to manage on a case-by-case  
14    basis.

15                Q     Do you have any reason to believe that other  
16    offices of a similar size also experience a similar amount  
17    of box accumulations per month?

18                A     It's hard to say. I've been to a lot of offices,  
19    not specifically to look at box operations, for a lot of  
20    other reasons, but when you go through a facility, of  
21    course, you do observe a little bit of everything, and there  
22    are some overflow problems. To what extent, I don't know,  
23    but not to the extent that I experienced when I went to  
24    these offices.

25                Q     So you feel that in most offices, probably -- let

1 me back up and say, you're office is probably representative  
2 of box accumulation problems at most post offices, the  
3 general, typical post office?

4 A Well, without doing a study of any type, which I  
5 don't have a study, I'm just going based on my experience, I  
6 would say it's a fair representation.

7 Q So if that were true, again acknowledging that no  
8 study has been done, would it be safe to say that  
9 nonresident boxholders probably are not imposing a serious  
10 burden on most Post Offices, at least to the extent of box  
11 accumulation problems, since box accumulation problems are  
12 not a problem in a Post Office such as yours, or a  
13 significant problem?

14 A Yes, it would depend, you know, on how the final  
15 definition of resident or nonresident is and it depends on  
16 specific characteristics of each office. But it would have  
17 to be really looked at on a case-by-case basis, just to make  
18 an assumption nationwide. I am not really comfortable to  
19 say that.

20 Q Except, at your office, regardless of how  
21 nonresident is defined, box accumulation is not a problem?

22 A Not in -- not in my office.

23 Q Not in your office?

24 A Um-hum.

25 Q Which is, absent other evidence, representative of



1 the general pool of Post Offices.

2 A Um-hum.

3 Q So if box accumulation is not a problem at your  
4 office then, regardless of how resident and nonresident are  
5 defined, nonresidents can't be causing a serious  
6 accumulation problem?

7 A In my office, it is not a significant operational  
8 problem.

9 Q And your office is, to the best of your knowledge,  
10 representative of the general pool of Post Offices  
11 nationwide?

12 MR. HOLLIES: I think I am going to object. We  
13 are going around this little loop a few too many times.  
14 That's a little too repetitious and I object on that ground.

15 MR. CARLSON: I'll move on.

16 MR. HOLLIES: Thank you.

17 BY MR. CARLSON:

18 Q On page 4, line 16 through 17, you testified that  
19 approximately one-third of the Post Office box customers in  
20 Middleburg, Virginia, reside outside the service area of the  
21 office. How do you define the service area of the  
22 Middleburg, Virginia, Post Office?

23 A The way we define that is just the -- if they  
24 deliver to -- if they live within the local delivery area of  
25 Middleburg, then it's the service area. If they lived --

1 their primary residence was outside the local delivery area,  
2 then that was considered to be not in that area.

3 Q And how is the local delivery area defined since  
4 they don't have city delivery?

5 A Oh, it would be the boundaries of where their  
6 normal -- he has two rural routes and so wherever those  
7 routes are authorized for delivery.

8 Q Do you know in which service area -- let me back  
9 up and read it the way I have it written.

10 In the service area of which Post Office do these  
11 boxholders in Middleburg, who you subsequently refer to as  
12 nonresident boxholders, live or have their place of  
13 business?

14 A It would be varied. I mean, I don't know  
15 specifically.

16 Q I looked on the map and I didn't see too much  
17 around Middleburg.

18 A No, these -- you know, a lot of them are from the  
19 Washington area but I don't have any statistics as far as  
20 where, exactly, they reside or where their primary  
21 residences are.

22 Q On page 19, lines 19 through 20, you testified  
23 that nonresident --

24 A Page 19?

25 Q I'm sorry. Page 19, lines 19 through 20.

1           A     Page 19 --

2                   MR. HOLLIES:  Excuse me.  There are only 10 pages  
3     in the testimony.

4                   THE WITNESS:  10 pages, yes.

5                   MR. CARLSON:  Then I've made a typo.  I think I'll  
6     skip this question.

7                   THE WITNESS:  You won't hear an objection from me.

8                   MR. CARLSON:  I might have heard an objection from  
9     Mr. Hollies.  It's related to some of our previous  
10    discussions.

11                  BY MR. CARLSON:

12                Q     On page 5, lines 24 through 25, you testified that  
13    the San Luis, Arizona, Post Office "has a large proportion  
14    of boxholders who do not reside in the San Luis, Arizona,  
15    service area."

16                   Given that the San Luis Post Office has no city or  
17    rural delivery service, how did you define the San Luis  
18    service area?

19                A     Yeah, that's one of the issues and that's the  
20    problem -- a small problem we ran into when we were talking  
21    about the definition of residents and nonresidents.  In my  
22    office, Middleburg and Blaine, we were comfortable because  
23    we deliver only to our area.

24                   In San Luis, she has no delivery, but if you have  
25    ever been to San Luis, if you're in it, you know it.  If

1     you're not in San Luis, you're in -- you're in the desert  
2     and she felt comfortable with that. It's a small community,  
3     borders right on the -- right on the Mexican border. I  
4     mean, when you go out the front door, you're looking at the  
5     border.

6             So when we agreed on the general definition we  
7     were going to use for the testimony, she was comfortable  
8     with understanding that if they live in that area, and  
9     that's what she used in terms of when she assisted me with  
10    the information.

11            Q     On page 6, lines 14 through 15, you testified that  
12    migrant farm laborers and Mexican nationals account for  
13    approximately 60 percent of the Post Office box customers in  
14    San Luis, Arizona.

15            A     Right.

16            Q     Do you claim that the migrant farm laborers are  
17    not residents of the San Luis service area?

18            A     They -- they are not permanent residents, from my  
19    understanding. They basically, from the way Josephina, who  
20    is the postmaster, described it to me, stay in the area for  
21    a limited time but then they basically follow the crops,  
22    wherever the crops need harvesting, that's where they  
23    usually will migrate toward. And so they -- they may have  
24    temporary residency but not necessarily permanent residency.

25            Q     On lines 20 through 22 and on page 7, lines 1 and

1     2, you stated that migrant farm laborers, many of whom are  
2     legal immigrants, typically leave their families in the  
3     area, both in the U.S. and Mexico, et cetera.

4             Would it -- can we assume that those farm laborers  
5     who leave their families in the area also allow those  
6     families to access the P.O. boxes or do these --

7             A     It's possible, yes.

8             Q     So if the farm laborers obtained a post office box  
9     when they were in San Luis, if we defined a resident as a  
10    person who lives within the five digit zip code area served  
11    by that post office, those farm laborers would have been  
12    residents at the time they obtained their box service before  
13    they migrated?

14            A     It's possible, yes.

15            Some of the people also live on the other side of  
16    the border and just have the ability to go into the United  
17    States and do business or actually do work in the United  
18    States, so they may not have -- one thing I found out,  
19    because I did cross the line to go into Sonora, San Luis  
20    Sonora, which is the town that borders it, there is a long  
21    wait getting in and out of that area and so it's not a real  
22    easy process of going across borders sometimes, so it is not  
23    like I am going to run down to the post office, pick up my  
24    mail. It is a little more involved than that.

25            Q     So it could actually be inconvenient to have a

1 P.O. box in the U.S. if the person lives in Mexico, to the  
2 extent that it could take a long time to get across the  
3 border?

4 A It can be somewhat of an inconvenience but it  
5 depends what the purpose of the box is used for.

6 Q On page 7, lines 20 through 23, you testified that  
7 the nonresident post office box customers tend to create  
8 greater administrative burdens than those who reside in the  
9 service area.

10 How did you determine that those customers were  
11 nonresidents given your response to OCA Interrogatory T-3-1  
12 in which you stated that information about resident status  
13 of boxholders is not known to the Postal Service?

14 A Well, that's in general not known to the Postal  
15 Service but we are talking about San Luis, and this is based  
16 on her knowledge of her office, if I understand your  
17 statement.

18 Q Is the Postmaster of San Luis a representative of  
19 the Postal Service?

20 A She is a representative of that local town in the  
21 Postal Service, yes. She has an understanding of her  
22 particular community and so that information came from that  
23 source.

24 Q But in Villa Rica you don't know who is a resident  
25 and a nonresident?

1           A     It would be a little harder for me to determine  
2     that, yes.

3           Q     Do resident customers ever go on vacation and  
4     allow their mail to accumulate while they are gone, or  
5     otherwise be absent from the post office and allow their  
6     mail to accumulate?

7           A     Only with my permission -- yes, they do.

8           Q     On page 10, lines 14 through 16, you concluded  
9     your testimony by stating that "My experience leads me to  
10    conclude that while these offices are atypical in the pool  
11    of all post offices, there are also many similar offices  
12    nationwide."

13          A     Yes.

14          Q     Do you agree that these many similar post offices  
15    are nevertheless atypical in the pool of all post offices  
16    nationwide?

17          A     Say that one more time?

18          Q     Do I need to repeat your testimony or just the  
19    question?

20          A     Just the question.

21          Q     Do you agree that these many similar post offices  
22    to which you refer in your testimony are nevertheless  
23    atypical in the pool of all post offices nationwide?

24          A     With those same characteristics.

25          Q     Regarding the experience related to nonresident

1 box customers?

2 A Yes.

3 Q In Interrogatory DFC-T-3-2, I asked for the  
4 percentage of resident and nonresident boxholders who pay  
5 their fees late, lose their boxes, and then --

6 A Which reference is that again? I'm sorry.

7 Q DFC-T-3-2.

8 A 2 -- okay.

9 Q I asked for the percentage of resident and  
10 nonresident boxholders who pay their fees late, lose their  
11 boxes and then return to the post office and demand their  
12 old box number back.

13 You answered that you had no basis for answering  
14 my questions.

15 A Yes.

16 Q May I then conclude that you have no evidence that  
17 nonresident box holders are more likely to commit the acts  
18 described in the question than resident boxholders?

19 A Well, based on the way the question was posed to  
20 me, it asked for percentages of nonresident and resident and  
21 what I saw here is one -- my testimony basically was  
22 qualitative in nature. This was asking more quantitative  
23 information which I was not -- I was not able to give.

24 For that reason along with the fact that the  
25 nonresident resident is not a clearly defined term yet, to



1 give quantitative information I didn't feel comfortable  
2 with. That's why I answered in the way that I did.

3 Q To the extent that the term nonresident is defined  
4 for purposes of this rate and since the Postal Service is  
5 asking the Commission to approve this fee based on some  
6 notion of what a nonresident is, do you have any evidence  
7 that nonresident boxholders are more likely to commit the  
8 acts described earlier than resident boxholders?

9 A No.

10 Q Do you have any reason to believe that the  
11 government agencies that file Freedom of Information Act  
12 requests for verification of the physical addresses of  
13 boxholders in San Luis, Arizona would not file those  
14 requests if the boxholders instead had a post office box in  
15 another city, for example, Yuma, Arizona?

16 A The process for filing or the process for the  
17 Freedom of Information Act, the FOIA request, is the same  
18 regardless of where your location is as far as the  
19 processing of the request.

20 Q Okay, but is there any reason for you to believe  
21 that the government agencies would not request verification  
22 of the physical addresses of the San Luis boxholders if they  
23 live somewhere else?

24 A That's possible, sure.

25 Q I'm sorry, which is possible, that they would

1 still request --

2 A Yes, if they lived in a different city.

3 Q So, therefore, if that's possible, and assuming,  
4 for a minute, that it's true that the government agencies  
5 would still request verification of the physical addresses  
6 of the nonresident boxholders in San Luis, isn't it true  
7 that the burden on the Postal Service caused by these  
8 Freedom of Information Act requests is not related to  
9 whether a boxholder is a resident or a nonresident since the  
10 request would be served on the Postal Service regardless of  
11 whether the boxholder was a resident or nonresident  
12 boxholder?

13 A Well, the fact that San Luis, which I believe this  
14 is referring to, in her situation, it is directly related to  
15 the nonresident issue and that's the way I responded to the  
16 question, is that there is a direct relationship on the  
17 nonresidents in San Luis, but the hypothetical that it would  
18 occur at another office, there is that a possibility that  
19 they would ask the same information.

20 Whether or not it would be related to nonresidents  
21 would be speculative until you really took a look at the  
22 office that you're referring to and the characteristics of  
23 that office.

24 Q Suppose Joe Smith were a nonresident boxholder in  
25 San Luis, do you agree -- I'll back up and say, suppose

1 further that a government agency is ready to serve a request  
2 for verification of Joe Smith's physical address, do you  
3 have any reason to believe that if Joe Smith moved to Yuma,  
4 Arizona and lived in Yuma, Arizona, that government agency  
5 would not still serve that same verification request on him?

6 A That's possible.

7 Q So if that agency did serve the request, then the  
8 Postal Service would still be served with exactly one  
9 Freedom of Information Act request for Joe Smith?

10 A If that took place, then the process would be the  
11 same as far as processing the request.

12 Q So, if it's true that agency would serve the  
13 request on Joe Smith regardless of whether he happened to be  
14 a resident boxholder in Yuma, Arizona versus a nonresident  
15 boxholder in San Luis, why would responding to these  
16 verification requests be a challenge "rooted in the  
17 nonresident customer base," as you testified on page 7 at  
18 line 10?

19 A In San Luis, it is and it's very labor intense for  
20 them to process those requests. In her situation, in her  
21 location, it is a relationship between the nonresident and  
22 the request that she receives.

23 Q But if those nonresidents obtain box service at  
24 another post office of which they were a resident, the  
25 Freedom of Information Act request would still be served?

1           A     Right, but not necessarily the concentration that  
2 she receives. Because of her location and the  
3 characteristics of the office, she has a larger quantity or  
4 concentration of requests in that office more so than maybe  
5 an office that does not share the same characteristics.

6           Q     So it's the concentration of requests in an office  
7 such as San Luis, not the fact that the requests are being  
8 served?

9           A     In that particular case, yes.

10          Q     In Interrogatory DFC T3-7, I asked for the  
11 percentage of resident and nonresident boxholders who  
12 summarily discard envelopes and packaging materials in the  
13 lobby. You did not provide the information. Therefore, is  
14 it true that you have no evidence that nonresident  
15 boxholders are more likely than resident boxholders to  
16 discard envelopes and packaging materials in the lobby?

17          A     I believe this is referring to the Blaine,  
18 Washington office.

19          Q     I believe so.

20          A     Yes. In his situation, because of his location,  
21 the Canadian recipients of mail up there -- they get a lot  
22 of mail and when they do pick up their mail on an infrequent  
23 basis, which can sometimes be one tub or multiple tubs, the  
24 discarding of the waste in the lobby sometimes can be a  
25 problem that he has to deal with. Does that answer your

1 question?

2 Q To a certain extent. Do you know how he  
3 determined that the waste that he saw in the lobby came from  
4 the nonresident boxholders?

5 A That's just based on his knowledge of the office.

6 Q So we have no evidence that he --

7 A He's done no study, if that's what you're saying,  
8 or interviewed, but based on his knowledge of the office,  
9 because he has such a large volume of nonresident or  
10 Canadian boxholders, it's a problem for him.

11 Q Is there any evidence that on more than say three  
12 occasions, he picked up a piece of mail that was discarded  
13 in the lobby, looked at the name on the piece, either looked  
14 up in his memory or in some record whether this person was a  
15 resident or a nonresident, and then made that determination?

16 A It's possible, but I don't know that.

17 Q So, for all we know, he's made this claim based on  
18 a few people that he's actually observed pick up mail and  
19 discard it?

20 A I'm really not sure what he based that on.

21 Q So, for all we know, it could be --

22 A Well, knowing Mark -- Mark --

23 Q For all we know, he could have investigated just  
24 three people, for all we know?

25 A It's possible, but I would say it's not probable.

1 Mark knows his office quite well. He's a postmaster that  
2 I've gotten to know. The three postmasters that I've worked  
3 with, I consider to be very good managers. They know their  
4 community, they know their operation and they care about  
5 their community, so I don't think Mark would make a  
6 statement based on just one or two isolated customers. I  
7 would feel comfortable that he made those statements based  
8 on his general knowledge of the office.

9 Q But we don't know whether he had conducted  
10 anything that would be considered a representative study of  
11 the issue?

12 A No.

13 Q You should be pleased that I'm skipping questions.

14 A I like that down button. Just keep using it.

15 Q Am I correct that you can cite no specific post  
16 office that experiences problems similar to the ones you  
17 described in your testimony, meaning the three atypical  
18 offices?

19 A Not specifically, no.

20 Q So your testimony, then, is valuable only to the  
21 extent that it describes the experiences of three atypical  
22 post offices?

23 A Right.

24 MR. CARLSON: I have nothing further.

25 PRESIDING OFFICER QUICK: Mr. Ruderman?

## 1 CROSS EXAMINATION

2 BY MR. RUDERMAN:

3 Q Good morning. My name is David Ruderman on behalf  
4 of the OCA.

5 A Good morning.

6 Q Please refer to your response to OCA Interrogatory  
7 T3-20.

8 A T3 dash?

9 Q 20.

10 A 20? Okay.

11 Q This interrogatory asks you to confirm that the  
12 administrative requirements ascribed to nonresident box  
13 customers will not be reduced even if the Commission  
14 recommends the Post Service's proposals. Your answer states  
15 that you do not know what the Commission will recommend.16 Please answer the question assuming the Commission  
17 recommends, and the Governors approve, the identical  
18 proposal submitted by the Postal Service for consideration?19 A As a postmaster, I'm interested in how it comes  
20 down to the field level, which involves, I think, the  
21 implementation stage where you go from what the Commission  
22 recommends, the Governor passes, then it goes through how  
23 it's actually implemented to the field. Without knowing the  
24 specifics of that it would be an assumption on my basis, on  
25 my part, to determine the administrative requirements would

1 not be reduced. It would be an assumption on my part I  
2 don't feel comfortable with.

3 Q Do you have any reason to believe that they would  
4 be reduced?

5 A There's a possibility.

6 Q Could you explain the basis for this reason?

7 A Well, the approach on this -- the nonresident  
8 charge, in my opinion, tends to be more proactive. It  
9 addresses the issues before they become problems. We do  
10 have regulations that allow us to, for example, if you have  
11 a case for an overflow condition to move a customer either  
12 to a larger box, but that's more reactive in the way that  
13 it's administered.

14 So by being a little more proactive in trying to  
15 address the nonresident issue, it could actually reduce some  
16 of the administrative requirements.

17 Q You have nothing specifically you point to, is  
18 that correct?

19 A No, no, not without knowing all the specifics.

20 Q Please refer to your response to Interrogatory  
21 T3-21. Would a person who owns land in a post office  
22 facility delivery area be considered a resident?

23 A Without the final definition of resident and  
24 nonresident, it's hard to -- I can't really say.

25 Q To your knowledge, will there be a Postal Service



1 witness who could answer that question?

2 A I believe without an official definition of  
3 resident and nonresident, it would be difficult to --

4 Q No, the question is, are you aware of any other  
5 Postal Service witness who can answer that question?

6 A Without an official definition, it would be  
7 difficult. I would say probably not.

8 Q Please refer to your responses to OCA  
9 Interrogatory T3-22 and DFC Interrogatory T3-1. These  
10 interrogatories address the last paragraph of your testimony  
11 which was touched on by Mr. Carlson just recently.

12 Could you provide a little bit more specific  
13 definition of what constitutes many offices? Could you  
14 provide at least a percentage estimate of what constitutes  
15 many offices?

16 A No, I don't have any actual numbers or  
17 percentages. This was just a term that I use in general  
18 terms as a general description, but it's not quantitative in  
19 nature.

20 Q So, in relationship to the total amount of offices  
21 that the Post Service has, the word "few" could be  
22 substituted for "many" just as well?

23 A I would be more comfortable with similar -- many  
24 similar.

25 Q But you do not know what percentage? You have no

1 idea of the percentage?

2 A No.

3 Q Please turn to your response to Popkin

4 Interrogatory T3-5 -- excuse me, David Popkin Interrogatory.

5 A Which number, T3-5?

6 Q T3-5.

7 A Okay.

8 Q This interrogatory refers to an instant where a  
9 customer failed to pick up mail for over three weeks. Was  
10 this an isolated instance?

11 A This was one incident that was cited to me by the  
12 postmaster there. While he did not specify other such  
13 instances, I feel that there are other times this has  
14 happened, but he did not specify specific times.

15 Q So you have no knowledge of any other specific  
16 incidents?

17 A No.

18 Q Is the answer to my question yes? You have no  
19 knowledge of any other specific incidents?

20 A Yes, for the Blaine, Washington example.

21 Q Thank you, sir. Please return to your response to  
22 OCA Interrogatory T-3-3.

23 Have you discussed the possibility of placing  
24 collect phone calls to nonresidents with the Postmaster's  
25 facilities where there are numerous long-distance phone

1 calls to nonresident customers?

2 A Is that T-3? T-3-3?

3 Q Yes.

4 A Could you repeat the question then?

5 Q Sure. Have you discussed the possibility of  
6 placing collect phone calls to nonresidents with the  
7 Postmaster<sup>at</sup> facilities where there are numerous long-  
8 distance phone calls?

9 A No.

10 Q Have you discussed this with upper level  
11 management?

12 A No.

13 Q If a boxholder creates significant problems  
14 because of his failure to pick up mail regularly, could the  
15 Postal Service terminate the post office box rental  
16 agreement?

17 A No. You would work with that particular customer  
18 on either picking up the mail -- I would deal with it on a  
19 personal level where I would discuss, if there is really an  
20 operational problem I would discuss it with the customer and  
21 try to resolve it on a personal level without going to the  
22 point of actually closing the box.

23 Q But it is possible that you could eventually close  
24 the box if he does not correct the problem?

25 A I have never run into a situation like that.

1           Q     If you do not know the answer to the question,  
2     just say you do not know the answer.

3           A     I do not know.

4           Q     Do residents have mail volumes exceed box capacity  
5     requiring separate storage by the post office?

6           A     Would you repeat that again?

7           Q     Do residents as well as nonresidents have mail  
8     volumes exceed box capacity?

9           A     It's possible.

10          Q     Is that a yes?

11          A     It's possible -- without any specifics. I can't  
12     say if --

13          Q     You do not know if residents have at times  
14     exceeded their box capacity and required separate storage by  
15     the Postal Service?

16          A     I am sure they have. I just don't know the  
17     specifics of what you are referring to.

18          Q     Has that ever occurred in your office?

19          A     Of a resident?

20          Q     Yes.

21          A     Well, you know, by the definition we use in our  
22     testimony, it's happened a couple of times, yes.

23          Q     And could the Postal Service refuse to renew the  
24     rental agreement if this happens frequently?

25          A     Again, it depends on what you mean by frequently.

1           Q     If this happens to point where it creates a  
2     irresolvable problem for the Postal Service?

3           A     I mean it's possible but I would rather work with  
4     the customer. I have never run into that situation.

5           Q     Could the Postal Service terminate a box rental  
6     agreement or refuse to renew the agreement for a high  
7     incidence of lost or forgotten keys?

8           A     Could you repeat the question again?

9           Q     Sure. Could the Postal Service terminate a rental  
10    agreement or refuse to renew the agreement for a high  
11    incidence of lost or forgotten keys?

12          A     No.

13          Q     Why is that?

14          A     I am looking at the documentation in the DMM that  
15    specifies three reasons why you can terminate the service in  
16    the box section and I don't see here where it says lost key.

17          Q     Could you please provide the citation to the DMM  
18    you are referring to?

19          A     Yes, it's D910.7.2 in "Terminating Service."

20          Q     Could the Postal Service terminate the agreement  
21    or refuse to renew it if a boxholder frequently creates  
22    lobby clutter and the need for additional custodial  
23    maintenance?

24          A     Not according to the guidelines or regulations for  
25    terminating service, no.

1           Q     So no matter how much of a problem the customer  
2     is, the Postal Service will have to continue serving the  
3     customer?

4           A     Under the current regulations and guidelines.

5           Q     Could these regulations be changed?

6           A     Could be.

7           Q     Do you think it likely that the regulations would  
8     have been changed if it was a significant problem?

9           A     I mean it calls for speculation that I am not  
10    comfortable with.

11          Q     Well, as a Postmaster in a facility and you had a  
12    boxholder who was constantly creating lobby clutter and need  
13    for additional custodial maintenance, would you have  
14    complained to upper level management to see what could be  
15    done about this?

16          A     It is possible if it is a chronic problem that  
17    could not be resolved with discussions.

18          Q     Is it likely? More than possible?

19          A     In my case, yes, I could very likely call my  
20    immediate manager and ask if there's anything that could be  
21    done.

22          Q     And it would be fair to say if a lot of  
23    Postmasters were complaining about this upper management  
24    would probably do something about it?

25          A     But the situation you are explaining I haven't

1 really run into too often and on a local level you try to  
2 resolve your problems without involving people above you.

3 It's just better to manage your office locally as  
4 much as possible. You know, in a post office, a Postmaster  
5 is a member of that community so you try to work with that  
6 community as closely as you can to resolve problems without  
7 necessarily raising the issues to upper level.

8 Q Witness Needham's response to Interrogatory T-7-  
9 33-A --

10 A Okay.

11 Q -- says that the Service has no numbers or  
12 information on changes in nonresident boxholders over time.

13 To your knowledge have problems with nonresident  
14 boxholders increased during the past few years?

15 A I don't have any study or any type of report that  
16 shows that. I just know in terms of my testimony in  
17 Middleburg for example when we initially wrote the testimony  
18 he had about 20 on the waiting list, on his waiting list  
19 after the article in the Washington Post.

20 He just told me, I believe it was just the past  
21 couple days, that actually his waiting his has grown to  
22 about 50 now, so in his particular case the media attention  
23 appears to have affected the demand for boxes.

24 Q Other than that incident, do you have any other  
25 information that would indicate an increase in --

1           A     Not that I am aware of, no.

2                     Now are you referring to 33-A? Is that what we  
3 are -- the discussion?

4           Q     Yes.

5           A     Okay.

6           Q     Why is it important to resolve the nonresident  
7 problem now?

8           A     I think the nonresident issue is just one that  
9 slowly has grown through the years to the point that it is  
10 starting to surface as an area that needs to be addressed.

11                    Exactly why it was addressed at this time I am not  
12 aware because I was not involved in deciding that this was  
13 going to become a part of the filing, but I do know that for  
14 example in Blaine, Washington he told me -- yesterday we  
15 were talking and he said that his office is four years old  
16 and when he first moved into the facility he had around 1500  
17 boxes that he rented.

18                    Now in four years it's gone to over 4700, which is  
19 a significant growth over a four-year period.

20                    The same thing with San Luis. She's gone from  
21 something like 1900 and in 20 years it's grown to over 6,000  
22 and she's fixing to build a new facility that is going to  
23 double the amount of boxes in that facility, so if you look  
24 over that type of history there's definitely a growth that  
25 is taking place.



1           To what extent I don't know but I don't have any  
2       studies that back that up. I am just going by what these  
3       Postmasters have shared with me.

4           Q     That reminds me, I think in one of the facilities  
5       they were using trailers for post office boxes.

6           A     In San Luis they are.

7           Q     Is that a feasible alternative to resolve the  
8       problems on a temporary basis?

9           A     It's feasible but I don't think it is a very --  
10      I'm talking in terms of a Postmaster. I don't want  
11      trailers. I would rather have a nice facility that the  
12      customers can use.

13                Those trailers were makeshift trailers just to  
14      deal with a problem that's grown substantially over the past  
15      few years.

16                I don't think it's a long-term solution, but it  
17      did correct a short-term problem.

18           Q     Please refer to page 4, lines 24 through 25?

19           A     In my testimony?

20           Q     Yes.

21           A     Could you repeat that again, please?

22           Q     Page 4 --

23           A     Okay.

24           Q     Do you know how the Middleburg Postmaster  
25      determined that nonresidents generate 10 times as many

1 forwarding orders and hold mail requests as residents?

2 A That was just what he related to me based on his  
3 knowledge of the office.

4 Q So the answer is you do not know?

5 A I do not know other than what the Postmaster  
6 shared with me.

7 Q Please refer to page 4, lines 19 through 20.

8 A Okay.

9 Q If a customer receives little or no mail on a  
10 daily basis and the mail volume does not exceed box capacity  
11 over a period of time, are the customer's infrequent and  
12 irregular visits to the box burdensome?

13 A Based on that scenario, no.

14 Q So the problem is not the frequency of a  
15 customer's visits but rather the fact that mail volume  
16 exceeds capacity requiring separate storage?

17 A I think it is more of a combination of both.

18 Q Why?

19 A Well, you can have a customer that if they pick up  
20 on a regular basis it's not going to be a problem but over  
21 time it could be a problem.

22 If the pickup is erratic or sporadic, then what  
23 normally would be able to be accommodated in a box may not  
24 be. Then it would turn into a problem so I don't think it  
25 is just the volume but it is also tied to how often they

1 pick up the mail.

2 Q But if the volume doesn't exceed capacity, then it  
3 is totally irrelevant how often the customer visits the  
4 facility, isn't that correct?

5 A I wouldn't say totally irrelevant. I mean I have  
6 had boxes that collect and in a small office you know these  
7 people and if they don't collect you wonder how they are  
8 doing and a lot of times you will call and check on them.

9 So I mean to say it is totally irrelevant, I  
10 couldn't say that.

11 Q So you are concerned about the customer's visits  
12 and the course of their health and welfare?

13 A Just concerned about my customers.

14 Q Please refer to your testimony on page 5, lines 1  
15 through 2. Is it possible that the 50 to 60 tubs of stored  
16 mail contained mail from residents as well as nonresidents?

17 A The day that I went out and saw Norris, there were  
18 73 tubs at that time -- and this number fluctuates -- but at  
19 the time I believe, I believe he told me all but 13 were  
20 nonresident based on our, what we call our definition of the  
21 nonresident.

22 So in his particular office when I -- I remember  
23 walking in. I think my comment to him was I am glad it's  
24 you and not me that has to deal with this, because there was  
25 just congestion all over the place because of the overflow

1 problems and the fact is he doesn't even have a box to bring  
2 them in to.

3 I mean he is pretty well -- in his situation he is  
4 pretty well stuck with the type of problem he is dealing  
5 with.

6 Q So in this one incident 15 percent of the mail was  
7 residents and 75 percent was nonresidents, approximately?

8 A Yes, approximately, and that was on his -- just  
9 best guesstimate of going to the boxholders.

10 Q Mr. Carlson asked you some questions concerning  
11 page 6, lines 21 through 22 of your testimony.

12 A Okay.

13 Q The lines refer to laborers leaving their families  
14 behind while they follow the crops.

15 Please assume that the Commission approves the  
16 surcharge. Would these farmers and their families be  
17 considered residents?

18 A There again, you know, we define resident and  
19 nonresident for the basis of the testimony. But you had a  
20 situation with San Luis that has no -- that had no actual  
21 delivery. So without defining really what is resident and  
22 nonresident, it would be hard for me to say that they  
23 definitely would be resident or nonresident because you have  
24 situations out there, for example, towns like San Luis or  
25 smaller towns that have no actual street delivery and the

1 delivery is accomplished through another neighboring office.

2           You have some offices, for example, the place  
3 where I lived in Atlanta, I lived actually in Stockbridge,  
4 Georgia, in Henry County, but my mail delivery was by  
5 Jonesboro, which was in Clayton County. So there are some  
6 of those exceptions that are going to have to be addressed  
7 in the final definition of nonresident and resident that has  
8 not been done, so to claim that I know exactly that they are  
9 going to be resident or nonresident, I am not comfortable to  
10 do.

11           Q     So is your answer you do not know?

12           A     That's the short answer, yes.

13           Q     And these migrant families that live in these  
14 areas, what would their residence be? I mean, they have to  
15 have a residence somewhere, presumably.

16           A     One thing I noticed when I went down there is --  
17 that I thought was a little bit interesting, and this is  
18 just my observation as I drove from Yuma down to San Luis,  
19 is the type of trailers that they sell. You know, I am used  
20 to trailers that we have in Georgia which I guess are 14 by  
21 60, but these are about half the size. And I asked the  
22 postmaster and she said, well, a lot of those are used by  
23 people who are just in the area temporarily. So exactly  
24 what that means and how it is used, I don't know. But I  
25 assume that a lot of people do live temporarily in those

1 areas and then moved to different parts of the country to  
2 work different crops.

3 Q Well, let's assume a migrant family has one of  
4 these trailers and situates itself in the San Luis area  
5 while they are -- and the father goes out and follows the  
6 crops and they stay there for six months. Do you think it  
7 would be appropriate these families be considered residents  
8 of the local Postal Service facility?

9 A If you are asking for a personal opinion --

10 Q Well, how do you think the Postal Service would  
11 rule on it as of this family who had a trailer there while  
12 their father went to collect crops and requested to rent a  
13 postal office box --

14 MR. HOLLIES: Excuse me.

15 With that qualification, I will now object to the  
16 question. He has asked -- you have asked him several times  
17 what the Postal Service view is and he said he basically  
18 does not know, it has not been worked out.

19 If you ask him his personal opinion, that question  
20 has not been asked.

21 MR. RUDERMAN: No, if the Postal Service has not  
22 worked this out, then I maybe misunderstood his answer.

23 BY MR. RUDERMAN:

24 Q To your knowledge, the Postal Service has not  
25 worked this out?

1           A     Not the final details, no.

2           Q     If this situation occurred in your facility, you  
3     had a person who had a temporary or a vehicle or a trailer  
4     there for six months and that person requested a --  
5     permission to rent a Post Office box, if you were to rule on  
6     this without guidance from the Postal Service above,  
7     assuming the surcharge is approved, would you allow the  
8     Postal Service -- allow the resident to rent -- excuse me,  
9     allow the family to rent a Post Office box without the  
10    nonresident surcharge?

11          A     If the Postal Service issues regulations on the  
12    nonresident or residents, I would follow those regulations  
13    accordingly. I would not use a personal judgment call when  
14    there is the word "must" in there. You know, it depends if  
15    I am given local discretion which, again, depends on how it  
16    finally comes down.

17          Q     Hopefully, as a postmaster, you would want  
18    guidelines on these type of questions; is that correct?

19          A     As a field person, I would like those guidelines  
20    to be as specific as possible to be able to implement  
21    properly, yes.

22          Q     Please refer to your testimony at page 6, lines 15  
23    through 17. What is the source of the 60 percent figure?

24          A     The source, where it came from?

25          Q     That's correct.

1           A     From the postmaster, Josephina Rodriquez, who gave  
2     me that estimate based on her knowledge of the office.

3           Q     And do you know how that 60 percent figure was  
4     determined?

5           A     No. I'm not sure how -- exactly how she did that  
6     but when we were -- the discussion took place, she was  
7     comfortable in saying approximately 60 percent. And she has  
8     worked there since 1976, I believe, with the exception of a  
9     few years, so I have to assume that she knows that area  
10    quite well.

11          Q     Okay. I have a series of rather brief questions  
12    that hopefully could be answered yes or no.

13          A     I'll do my best.

14          Q     Does it take the same time and Postal employee  
15    effort to handle lost or forgotten keys for residents as it  
16    does for nonresidents?

17          A     Yes.

18          Q     Are resident boxholders sometimes late in paying  
19    box fees?

20          A     Yes.

21          Q     Do resident boxholders authorize multiple  
22    individuals to pick up mail?

23          A     Could you repeat that again?

24          Q     Sure. Do resident boxholders authorize multiple  
25    individuals to pick up mail?



1           A     They have the authority to. To say they do would  
2     make the ~~reference~~ <sup>inference</sup> that all of them do and not all of them  
3     do but they can.

4           Q     Is there any limit on the number of persons  
5     authorized by a boxholder to pick up mail from a box?

6           A     I believe the limit is five but I am not positive  
7     on that. I would have to take a look at that form, the form  
8     that lists the authorized --

9           Q     Do you know what the name of the form is, the  
10    number of the form is?

11          A     It is the 1093, I believe.

12          Q     Okay.

13                Are residents and nonresidents recipients of  
14    benefit checks from federal and state authorities?

15          A     They can be.

16          Q     The answer is, yes; is that correct?

17          A     Well, when you use the term, again, resident and  
18    nonresident, I somewhat hesitate because it assumes that I  
19    know the clear definition of or the final definition of the  
20    resident and nonresident but if nonresident and resident is  
21    inclusive of the population of the United States, yes,  
22    that's possible.

23          Q     All right.

24                Is the time it takes for a clerk to walk to the  
25    place where mail is stored and confirm that mail has been

1       picked up the same for residents as it is for nonresidents?

2           A       If the same request would be made, yes.

3           Q       Do you expect that mail volumes by resident and  
4       nonresident will continue to exceed box capacity requiring  
5       separate storage awaiting pickup?

6           A       Could you repeat that again?

7           Q       Sure. Assuming the proposal is adopted, do you  
8       expect that mail volumes by residents and nonresidents will  
9       continue to exceed box capacity requiring separate storage  
10       awaiting pickup?

11          A       Without really knowing what the impact of how this  
12       nonresident surcharge would have on box capacity, it would  
13       be difficult to say, so I guess I don't know.

14          Q       Certainly, to the extent that residents' mail  
15       exceeds box capacity now, there is no reason to believe that  
16       this will not continue to happen regardless of whether a  
17       nonresident surcharge is implemented?

18          A       It is possible, yes.

19          Q       Will both resident and nonresident boxholders  
20       continue to authorize multiple individuals to pick up mail?

21          A       I would think they would, yes.

22                 PRESIDING OFFICER QUICK: Mr. Ruderman, do you  
23       anticipate how much more time you require?

24                 MR. RUDERMAN: I would estimate between five and  
25       ten more minutes.

1           PRESIDING OFFICER QUICK: All right, we'll wait  
2 before we take our break.

3           BY MR. RUDERMAN:

4           Q     Do you expect that there will still be temporary  
5 forwarding orders and mail hold requests by residents and  
6 nonresidents?

7           A     That would continue to take place. To what  
8 extent, I don't know but that process would continue.

9           Q     Do you expect that there will still be unsightly  
10 lobby clutter and a requirement for additional custodial  
11 resources, assuming the proposal is adopted?

12          A     I don't know.

13          Q     Do you expect post office employees will have to  
14 continue to make long distance phone calls to boxholders?

15          A     To some extent. What, I don't know. I don't know  
16 what the actual impact will have.

17          Q     As to the unsightly lobby clutter and long  
18 distance phone calls, do you have any reason to believe that  
19 implementation of the surcharge will reduce the incurrence  
20 of these events?

21          A     It may not reduce but some of the expense involved  
22 may be captured with the surcharge.

23          Q     Please refer to your response, T3-2, "C" through  
24 "E."

25          A     Which subsection?

1 Q T3-2, "C" through "E."

2 A Okay. I've got "A" through "D," but not an "E."  
3 Is it "D," "F," "C," you say?

4 Q No, it's OCA interrogatories.

5 A I'm sorry. Okay.

6 Q Please assume a post office has only one box  
7 available and two customers seeks box service. Customer A  
8 has no delivery service options available, Customer B can  
9 obtain rural delivery service. How would you decide who  
10 obtains the box service?

11 A That situation is very unlikely to occur because  
12 usually it's going to be on a first-come, first-serve basis.  
13 If two came in the lobby, whoever was first to request the  
14 box, the box would be assigned.

15 I'm talking on a personal level, if by some chance  
16 that were to occur where you had two requests at the  
17 identical time, then I would have a discussion with both  
18 customers and make the decision based on what I could work  
19 out with those customers.

20 The ones that would not have any delivery option,  
21 I would try to accommodate their needs, but I would work it  
22 out with the customers, but there is no specific guideline  
23 that is going to tell me do this or do that. It's going to  
24 be more local discretion.

25 Q Are the post office box customers at the San Luis,

1 Arizona post office facility eligible for any type of  
2 carrier delivery from another post office?

3 A No.

4 Q One last question. Please refer to your response  
5 to Interrogatory T3-8 of the OCA.

6 A Okay.

7 Q What is involved in managing a daily overflow  
8 problem?

9 A I may have gotten -- T3 --

10 Q T3-8.

11 A 8, okay. The question again?

12 Q What is involved in managing a daily overflow  
13 problem?

14 A You're talking officially or just a day to day  
15 operation?

16 Q Just in generally?

17 A Well, it depends on how many overflow boxes you  
18 have. If you just have one -- is that what you're referring  
19 to, just one overflow box?

20 Q One or many. We were just asking for you to  
21 describe basically what this involves?

22 A Well, you usually set up an overflow condition.  
23 If you do have a box that's overflowing, you'll set it up  
24 where it's the most efficient to the processing of the box  
25 section. You may have a box that is -- usually, what you'll

1 do is retrieve the mail from the box and you'll strap it,  
2 and you'll put it in a tub and then you set the tub off to  
3 the side, so it's not a safety hazard. Then you keep  
4 filling that box up and then if it continues to happen --  
5 there again, it depends on the office and your knowledge of  
6 the customer and the box. A lot of times we call the  
7 customer to see what the situation is, if there is no hold  
8 order or a temporary forwarding order in, to find out what's  
9 going on.

10 That's typically how you're going to manage an  
11 overflow. You do it in a way that's not going to impact the  
12 rest of the box operation.

13 When you run into a situation like the Middleburg,  
14 that's why I say, his situation is so atypical because of  
15 the number of boxes he has to work around, in his situation,  
16 it's a safety hazard. You have a limited number of feet  
17 that you actually walk and case mail and he has no place to  
18 put the boxes but on the floor. So you really have a lane  
19 that's this wide to work mail which is every inefficient,  
20 but he doesn't really have any other way of doing it. So  
21 for his situation, it's very difficult to manage. My  
22 situation is a little bit easier.

23 MR. RUDERMAN: Thank you very much.

24 THE WITNESS: Thank you.

25 PRESIDING OFFICER QUICK: We'll take a break and

1 come back at five after.

2 [Recess.]

3 PRESIDING OFFICER QUICK: Mr. Popkin, you're up.

4 CROSS EXAMINATION

5 BY MR. POPKIN:

6 Q Good morning.

7 A Good morning.

8 Q Would you say it is fair to classify your  
9 testimony as one which is trying to provide insight, input,  
10 whatever word you want to use to the Postal Rate Commission  
11 on your expertise with respect to boxholders and with  
12 respect to their proposed resident-nonresident \$18 fee?

13 MR. HOLLIES: Objection to the form of the  
14 question. It's compound and difficult to parse.

15 THE WITNESS: I guess I could refer to the -- my  
16 testimony in Section 1 that describes the purpose of the  
17 testimony which is to describe the box operation in my  
18 office and three other offices and the usual and unusual  
19 aspects of those post office box operations.

20 BY MR. POPKIN:

21 Q Is one of the purposes to provide insight with  
22 respect to the \$18 proposed fee for the resident and  
23 nonresident?

24 A Insight?

25 Q Information, insight, data, whatever.

1           A     It really describes the box operation of the four  
2     offices and the unique situation that each of the offices  
3     have that's affected by the nonresident issue.

4           Q     So it's to provide input on the problems that  
5     might occur or that would help justify the nonresident fee?

6           A     It would give examples of offices that have unique  
7     characteristics that are associated with the nonresident  
8     issue.

9           Q     In listening to my two predecessors, which makes  
10    it nice to come last, it makes it a lot easier.

11          A     That's easy for you to say.

12          Q     Right. I gather it would be fair to say that you  
13    do not have a definition of resident versus nonresident with  
14    respect to anything that may ultimately wind up in the  
15    regulation should this be approved?

16          A     Just what I explained earlier as far as from my  
17    testimony, I explained that for the purpose of the  
18    testimony, we -- myself and the three other postmasters --  
19    agreed on the general term of resident-nonresident so we  
20    could use that as a basis to describe some of the conditions  
21    they experience in their offices.

22          Q     Right, but this is strictly --

23          A     But it's not an official definition.

24          Q     Strictly a feeling or an understanding between you  
25    and the postmaster at Middleburg with respect to how



1 Middleburg should classify or would classify resident versus  
2 nonresident, and likewise at Blaine and San Luis?

3 A I wouldn't classify it as a feeling. I think it's  
4 an agreement.

5 Q Agreement?

6 A Yes, a consensus between the four postmasters on  
7 what we were comfortable with, but we all knew there were  
8 going to be certain situations that need further explanation  
9 which I described earlier.

10 In the offices, we had -- mine, Middleburg and  
11 Blaine, it was very clear of the service area, delivery area  
12 because there's no exceptions. San Luis, we were able to  
13 come to an agreement on that one because of the locale of  
14 the office, but beyond that, no.

15 Q Let's take Blaine, for example. Suppose the  
16 ultimate regulations state that if I have property there and  
17 reside on the property or whatever, that I would be  
18 considered eligible for a resident box -- well, not be  
19 required to pay the \$18 fee, would that change your  
20 testimony?

21 A Could you repeat that again?

22 Q In other words, if the ultimate regulations that  
23 are approved, should this \$18 fee be approved by the  
24 Commission, allow people who own property, Canadian  
25 residents who own property -- Canadian citizens who own

1 property in Blaine to be eligible to get the resident fee or  
2 not be required to pay the \$18 nonresident fee, would your  
3 testimony change?

4 A It would be determined how you defined the final  
5 definition of the resident. If it was resident, primary  
6 resident, whatever, it would have to be defined clearly on  
7 what resident is.

8 Q Right, but in other words, Blaine has a  
9 considerable influx of Canadian citizens, obviously located  
10 on I-5 right at the Canadian border?

11 A Right.

12 Q The next area I would like to look at is this --  
13 is why these four offices -- what we are attempting to show  
14 in utilizing, you know, incidents about these particular  
15 four offices.

16 Obviously, if the \$18 fee would apply, it would  
17 apply at all 28,000-some-odd Post Offices, correct?

18 A I don't know, until the final ruling, as far as  
19 how that will be implemented.

20 Q Yeah, the ruling would have to apply throughout  
21 the United States, right? And according to my what I still  
22 call directory of Post Offices, there are 28,000-some-odd  
23 Post Offices. This ruling would apply at all of these  
24 offices however it was implemented?

25 A Whatever the ruling is would be applied at all

1 offices.

2 Q Just somewhat at a loss as to why the testimony  
3 consists of Villa Rica, which you have called typical and  
4 then picks three specific offices that you have called  
5 atypical and, based on your testimony, do appear to be  
6 atypical. Why is your testimony limited to these particular  
7 four offices?

8 A Well, the decision was made that the testimony  
9 should describe these four offices as I have mentioned  
10 earlier on the process of the identification of the offices  
11 and the purpose was just to demonstrate unique  
12 characteristics of offices that had the nonresident problems  
13 or unusual problems in terms of their location or their  
14 particular -- the status of the town. But why just the  
15 three? I mean, the four were selected, mine and the other  
16 three, but there was no specific statistical reason that  
17 those were -- those were just to give a description of the  
18 box operations and how my operation works in comparison to  
19 other operations that have a unique situation for the  
20 reasons of where they are located.

21 Q Did you select these four offices?

22 A No.

23 Q Who did?

24 A As I stated earlier, the process was through a  
25 number of informal meetings and it just slowly, as this

1 process went through, San Luis was raised in one of the  
2 meetings as an office that had a real problem with  
3 nonresident and at another one of the meetings, Middleburg  
4 was raised because of the article in the Washington Post and  
5 then, finally, Blaine, Washington, was surfaced a --  
6 informally at one of the legislative conferences as another  
7 office.

8           So the decision was made that, you know, these --  
9 the nonresidents are a significant problem in -- in border  
10 town offices in which Blaine was a good office to look at in  
11 some of the characteristics they share. Same thing with San  
12 Luis and Middleburg being an affluent area.

13           Q     So in other words your testimony, with respect to  
14 these three offices, is strictly atypical? In other words,  
15 it is not representative -- you are not attempting to  
16 represent that this relates to the remainder of the 28,000-  
17 some-odd offices?

18           A     No, it was not -- it was not done as a study, if  
19 that is what you are meaning. It was just an illustration  
20 of different offices that --

21           Q     Illustrating that there are certain situations  
22 that take place at certain offices that may or may not occur  
23 elsewhere and probably don't occur?

24           A     I wouldn't go to say that but --

25           Q     Well, to what percentage do you think that any of

1 the problems that you have described occur consistently  
2 throughout the country?

3 A I have no information that would give me  
4 percentages or data like that.

5 Q Or even feelings? I mean, you say you visited a  
6 lot of offices in Alabama and Georgia, although I don't know  
7 if that is even representative of the country.

8 A So what's the question?

9 Q The question is, is your testimony meant to  
10 represent what takes place in the United States of America?

11 A It was not designed to be a statistical report,  
12 no. It was a report of four offices and describing the  
13 unique aspects of each one of those offices.

14 Q You indicate, I believe, that you have done no  
15 quantitative studies. Everything has just been a  
16 qualitative --

17 A Qualitative.

18 Q -- belief on the part of you and your three  
19 colleagues.

20 A Yes.

21 Q Okay. On page 2, lines 19 and 20 of your  
22 testimony, you relate that Villa Rica is open 24 hours a  
23 day.

24 A That's correct. Yes.

25 Q Is there an employee on duty in your post office

1 24 hours a day?

2 A No.

3 Q Is your post office a self-standing post office?

4 In other words the name of the post office is the only  
5 building in the -- or the only facility in the building?

6 A Yes.

7 Q How do you provide security during the hours when  
8 an employee is not on duty?

9 A For the box section?

10 Q For the box section.

11 A It is located near the highway and it is well-lit  
12 and I also worked up arrangements with the local police  
13 department to do regular checks of the office.

14 Q Was that your decision, to keep it open 24 hours a  
15 day?

16 A When I arrived there, it was a 24-hour box lobby.

17 Q Does the Postal Service have any guidelines or  
18 directives as to when a box section can be open when no one  
19 is on duty?

20 A The policy is to try to have 24-hour access if  
21 security is met and also if there is customer demand.

22 Q Is there any guidelines on "How" -- quote --  
23 "Security Can be Met"?

24 A I am not qualified. That would probably be better  
25 answered by possibly the Inspection Service.

1           I am not sure. I am not familiar with all the  
2 security issues.

3           Q     Are they going to testify in this hearing?

4           A     I don't believe so.

5           Q     Can we get the information?

6           MR. HOLLIES: At this point it might be worth  
7 noting that there is an outstanding set of interrogatories  
8 from Mr. Popkin. So far a good deal of his inquiries have  
9 indeed followed those.

10           If he is making a formal request for the  
11 production of documents at this point, I believe it is  
12 rather late. I might also add that in connection with any  
13 response we might generate to this interrogatory set, a lot  
14 of objections lie, although not to all of the questions.

15           At this point we are not volunteering to provide  
16 guidelines that -- any guidelines that might be used by the  
17 Inspection Service or others to determine when post office  
18 box lobbies are open.

19           I don't believe there are any specific guidelines.  
20 As a practical matter, we have addressed this a little bit  
21 in interrogatory responses, and Mr. Landwehr just  
22 characterized what those responses were, so we are not  
23 volunteering to provide that information.

24           We believe it is off<sup>little</sup> more than marginal relevance  
25 and it could prove quite burdensome if we have to delve into

1 the Inspection Service materials.

2 BY MR. POPKIN:

3 Q Okay, but there are, would you say also that  
4 Postal Service boxes should be open at a point whenever an  
5 employee is on duty? In other words, if the employee is  
6 working after hours, closing out the office or in their  
7 early sorting mail?

8 A I would not conduct my office that way, no.

9 Q Well, yours is open for 24 hours a day.

10 A Even if it was available during a set schedule  
11 when the office hours are open like some offices, I would  
12 not -- I would not manage my office that way.

13 Q In other words the question was let's assume your  
14 window hours are 8:00 to 5:00 and you have employees that  
15 come in at 5:00 in the morning to start sorting mail and  
16 work until 7:00 to process outgoing mail.

17 You would feel it is inappropriate or appropriate  
18 to be open between 5:00 a.m. and 8:00 a.m. and between 5:00  
19 p.m. and 7:00 p.m. in the example I gave

20 A You are determining box lobby availability on a  
21 schedule that is flexible.

22 There is not always a set schedule for employees  
23 to be reporting at specific times. My schedule that I use  
24 for my employees will fluctuate based on the time of the  
25 month, whether it is after a holiday, whether there is



1 unusual volumes that I am expecting, so to have a set  
2 schedule based on work employees' schedules I do not this is  
3 the -- I would not pursue that path.

4 I don't think that's --

5 Q Well, let's assume that the hours are -- have a  
6 certain minimum. In other words, let's say there is always  
7 an employee on by 5:00. You may for some reason bring him  
8 in a 4:00 or bring him in at 3:00, just to pick on the poor  
9 employees. Would you say that it is appropriate for the  
10 minimum time that employees are on duty on a regular basis  
11 for the lobby to be open?

12 A I would say the appropriate response would be to  
13 work with your district office and determine the best  
14 available time and the maximum time that you can have that  
15 box open.

16 I would say either during business hours to 24  
17 hour is the best policy and it is the policy I think most  
18 offices follow, to my understanding.

19 And if there is any options or alternatives to  
20 that procedure, that would have to be determined by the  
21 local office, the district office and probably the  
22 Inspection Service to see if that's feasible.

23 Q Do you agree from a customer standpoint that more  
24 is better?

25 A Define "more".

1           Q     Open more than that which currently exists, unless  
2     there is 24 hours.

3           A     It depends on the customer demand. In my office,  
4     I don't think there is a high demand for -- or in some of  
5     the other offices that may not have 24-hour access, I am not  
6     sure what kind of demand would be for a 2:00 a.m. pickup on  
7     a box. You know, it would depend on the local demand, the  
8     customer needs.

9                     But I know that every effort is made, at least in  
10    my district, to make box access available as much as  
11    possible. I mean, the goal is not to close the availability  
12    but to provide an equitable time where customers can have  
13    access to their mail.

14          Q     Do you know if that extends to the other districts  
15    throughout the country?

16          A     I can't -- I can't speak for the other districts.

17          Q     Okay.

18                    On page 7, lines 25 and 26, you make a statement  
19    that use of the box is difficult to control since many  
20    boxholders routinely allow other parties to use their boxes.

21                    I don't -- it doesn't seem to follow. Could you  
22    explain what you meant by that, please?

23          A     What lines were you referring to?

24          Q     Lines 25 and 26 and then continuing on to three  
25    words on --

1           A     This was in reference to the San Luis Post Office  
2     and what occurs there is you have -- it is not unusual to  
3     have multiple individuals using the same box and --

4           Q     Is that a problem?

5           A     It can be.

6           Q     How?

7           A     Because, although the 1093 should list all the  
8     people who use the box, it doesn't always happen. Sometimes  
9     you can have people come up, they don't have the key, maybe  
10    whoever has the box is out of town or unavailable to open  
11    the box, so they stand in line. When they stand in line,  
12    then they have to pick up their mail. So the clerk has to  
13    go find their mail, which is either inside the office or it  
14    is possible that it is in the double-wides that are outside  
15    the office, which is very time consuming. And then come to  
16    find out someone had already picked up the mail.

17                I saw this occur a couple of times when I was  
18    observing the office. And this happens quite a bit and that  
19    is some of the difficulty that you run into, is one -- one  
20    individual that uses a box along with others not knowing  
21    what the others have done with the box mail. And so it  
22    takes a lot of time on the window and is very time  
23    consuming.

24           Q     Once again, this is not a function of resident  
25    versus nonresident; it is just a function of --

1 A In her particular case --

2 Q In her case.

3 A -- it is associated with the nonresident issue.

4 Q But this type of issue, in general, is not a  
5 function of resident or nonresident; it is a function of --

6 A It can occur both ways.

7 Q Right.

8 A It could.

9 Q You mention that there are CMRAs in San Luis and  
10 in Blaine. Do you feel that a CMRA equals a Post Office box  
11 or are there differences between them in other than price?

12 A There are some differences but it varies from  
13 the -- you know, the CMRAs. They are not standardized and  
14 so they -- they are offering -- their service offerings can  
15 vary from site to site.

16 Q What are some of the service offerings that they  
17 have which are not available in a Post Office box?

18 A I don't know the exact -- I believe Witness Lyons,  
19 I believe, may have more information on that.

20 MR. HOLLIERS: Witness Lion.

21 THE WITNESS: Lion.

22 MR. HOLLIERS: No "s".

23 THE WITNESS: Okay.

24 But there are some information about the CMRAs. I  
25 don't know exactly but, just from my general knowledge of

1 CMRAs, they -- their box rates typically are higher.

2 BY MR. POPKIN:

3 Q I've noticed that, only in this testimony. I  
4 would not use one.

5 A But they are generally higher but sometimes they  
6 offer services such as fax and -- fax services and one of  
7 them in my particular area, mail parcels -- Mail Parcel  
8 Center, they -- they have computer services and birthday  
9 cards and they make keys. They will do just about anything  
10 for you, including renting your box.

11 Q Is one of the big items that they do is provide a  
12 street address so that you can receive -- I don't know if  
13 I'd mention it here in this room -- UPS or FedEx or other  
14 nonpostal deliveries?

15 A That's some of the -- that's true to some extent,  
16 yes.

17 Q And also provide outgoing service with alternate  
18 carriers, we'll call them?

19 A That's -- that's true in many cases. In my -- in  
20 my particular area, I've tried to work with my CMRA to use  
21 our services and which they do use quite a bit of our  
22 services.

23 Q Well, I would hope that you are trying to sell a  
24 good service.

25 A Absolutely.

1           Q     Is it also true that a CMRA will provide let's  
2     call it personalized service? In other words, could you  
3     tell me if I have a letter from my father in the box because  
4     I'm expecting a check?

5           A     It's possible to work that out with the local CMRA  
6     but I don't have any statistics --

7           Q     That would -- expect to be more likely with a CMRA  
8     than with a Post Office?

9           A     It's possible.

10                  I have calls coming in myself and asking if  
11     there's mail and I will tell them if they have mail in the  
12     box. I just won't specify exactly what's in the box; I will  
13     just say there is mail in the box.

14           Q     I mean, once again, you know, as you mentioned  
15     earlier, you are a resident of Villa Rica.

16           A     Um-hum.

17           Q     Part of the Villa Rica community and I would  
18     expect you to act as a member of the community.

19           A     Well, I think all postmasters share the same type  
20     of involvement.

21           Q     I'm sure they do.

22           A     Yes.

23           Q     One other item you mentioned was that there's a  
24     high concentration of Freedom of Information Act requests in  
25     San Luis.

1           A     Right.

2           Q     Is this San Luis and not 28,000 whatever other  
3 offices primarily? In other words, can one assume that this  
4 was very unique and very limited to San Luis?

5           A     In the example given in San Luis, it's, I believe,  
6 80 to 100 a month, and it's all focussed on the box section,  
7 and because of the --

8           Q     Well, that's the only section they have.

9           A     Right.

10                  And because of the characteristics of the office,  
11 it's somewhat difficult sometimes to get the information on  
12 the Freedom of Information. It sometimes takes a little bit  
13 longer from what she was telling me.

14           Q     Right, but it's fairly unique. It's a problem  
15 there.

16           A     The problem there --

17           Q     Maybe it should be managed differently there.  
18 That's a separate question, but it's not --

19           A     But it's the characteristics of offices that share  
20 those same type of characteristics, meaning that it would be  
21 on the border area.

22           Q     Right.

23           A     The border towns, as in comparison to San Luis.

24           Q     I mean, you wouldn't expect to find that a problem  
25 in Middleburg or Villa Rica.

1           A     It's not necessarily a problem in my office. I  
2     can't really speak on Middleburg, but my office is not as  
3     much of a problem.

4           Q     I mean, you get them.

5           A     I get almost the same amount, but it's dispersed  
6     on the street and the box section.

7           MR. POPKIN: I have no further questions.

8           PRESIDING OFFICER QUICK: Is there any follow-up  
9     cross-examination?

10          Mr. Carlson?

11          MR. CARLSON: I have one brief area of inquiry.

12          PRESIDING OFFICER QUICK: Go ahead, Mr. Carlson.

13                   FURTHER CROSS EXAMINATION

14          BY MR. CARLSON:

15          Q     Mr. Landwehr, you testified earlier that you  
16     agreed that the problems that some of these post offices are  
17     experiencing with mail accumulation need to be addressed.

18          A     Uh-huh.

19          Q     Now, do you agree that residents also cause some  
20     of the same problems that nonresidents cause?

21          A     Define problems.

22          Q     Let's focus on box accumulation until further  
23     notice.

24          A     Okay.

25          Q     So do you agree that residents also cause some of



1 the same problems with box accumulation as nonresidents  
2 cause?

3 A Based on the three offices and my testimony, I  
4 would say yes, but not as much as the nonresident. It was  
5 probably approximately three-fourths of the problems are for  
6 the nonresidents, and that's probably pretty constant in all  
7 three offices.

8 Q And in Villa Rica, too, there are residents who  
9 cause some problems with box accumulation that nonresidents  
10 also caused?

11 A To some extent, yes.

12 Q Do you agree that if the nonresident fee were  
13 implemented that it would charge nonresidents who cause  
14 their mail -- who allow their mail to accumulate as well as  
15 nonresidents who don't allow their mail to accumulate? In  
16 other words, every nonresident would pay the \$18 fee  
17 regardless of whether he or she happened to be one of the  
18 problem boxholders?

19 A It would depend on how the final ruling came to  
20 the field as far as how to actually implement and manage the  
21 nonresident surcharge.

22 Q Suppose we had two groups of nonresidents who,  
23 number one, shared the exact same residency characteristics.  
24 So, in other words, all of these nonresidents rented an  
25 apartment in Villa Rica and lived and worked in Villa Rica.

1           A     Uh-huh.

2           Q     Some of these nonresidents tend to allow their --  
3     let me back up and say that they would not be nonresidents  
4     in that case.

5                     So suppose we had a group of nonresidents who  
6     lived in the neighboring town to Villa Rica. So they all  
7     had an apartment on the same street in the neighboring town  
8     and lived and worked in that neighboring town. So they  
9     would probably be classified as nonresident?

10          A     Nonresident.

11          Q     And suppose, furthermore, that half of these  
12     nonresidents allow their box mail to accumulate in Villa  
13     Rica and half don't.

14          A     Right.

15          Q     Would all of them pay the \$18 nonresident fee,  
16     nonetheless?

17          A     That's an assumption I have to make based on  
18     knowing exactly how it's going to be -- what the final  
19     ruling is going to be and how it's actually going to be  
20     implemented, and without knowing that, I really can't make a  
21     -- I'm not comfortable making an assumption on that.

22          Q     Are you suggesting that perhaps the definition of  
23     nonresident may include behavioral characteristics of those  
24     nonresidents as far as how they use their box and whether  
25     they allow mail to accumulate?

1           A     It depends on how the final wording is on the  
2 regulation if it's passed.

3           Q     So they could define a nonresident based on more  
4 than the residency status of that person, but on behavioral  
5 characteristics with respect to usage of the box?

6           A     It's possible.

7           Q     Do you think that's likely?

8           A     Oh, gosh, I don't know. I'm not involved in the  
9 process of final rulings and wording of regulations and how  
10 it goes to the field.

11                   As a postmaster, I would like to have it defined  
12 as clearly as possible so I can implement it effectively.

13           Q     So, if it were defined clearly and the definition  
14 of resident did not include behavioral characteristics, but  
15 simply were based on where that person actually lives, is it  
16 possible, then, that if this group of nonresidents, the ones  
17 who don't allow their mail to accumulate, would be charged  
18 \$18 as would the ones who do allow their mail to accumulate?

19           A     It's possible, yes.

20           Q     Suppose instead that a regulation were adopted to  
21 address the problems caused by mail accumulation. Would  
22 that more directly address the problems that were caused by  
23 nonresidents than a fee that hits all nonresidents  
24 regardless of their behavior and usage of their box?

25           A     Could you repeat that question again?

1           Q     Suppose instead of a nonresident fee that the  
2     Postal Service adopted an appropriate regulation that would  
3     address the problems that are caused by accumulations of  
4     mail.  Would such a regulation be better tailored to  
5     addressing the problems of mail accumulation than a  
6     nonresident fee which slaps every nonresident with an \$18  
7     fee and doesn't charge the residents who also allow their  
8     mail to accumulate?

9           A     Well, there's already a regulation that deals with  
10    mail accumulation that can be followed, but when you have a  
11    regulation like that, it tends to be more reactive, and  
12    sometimes you can win the battle and lose the war, and what  
13    I mean by that is sometimes it corrects one problem, but  
14    creates a half-a-dozen others.

15                But to speculate on a regulation that I don't know  
16    exactly what the wording of the regulation is that would  
17    resolve that, it would be hard for me to say that that's  
18    superior to a nonresident surcharge.

19           Q     But there could be a regulation?

20           A     Anything is possible.

21           Q     My final question relates to the OCA's  
22    interrogatory T7-39 to Witness Needham.

23           A     T7?

24           Q     T7-39 to Witness Needham.

25           A     I don't believe I have that one.

1           MR. HOLLIES: I would like to interject at this  
2 point. I don't believe that was the subject of earlier  
3 cross. So that's behind the scope of this stage of affairs.  
4 It's not proper follow-up cross-examination.

5           Perhaps you could make an offer of proof that  
6 would convince us otherwise, but on the face of it, that's  
7 beyond the scope.

8           MR. CARLSON: I'm going to withdraw the question,  
9 and I have nothing further.

10          PRESIDING OFFICER QUICK: Any other follow-up  
11 cross-examination?

12          Mr. Ruderman?

13          MR. RUDERMAN: No.

14          PRESIDING OFFICER QUICK: Do any commissioners  
15 have questions? I suspect so.

16          Mr. Chairman?

17          CHAIRMAN GLEIMAN: I'm sorry that you didn't ask  
18 the question, Mr. Carlson. Then I could have asked it as  
19 part of direct/cross-examination from the bench, but be that  
20 as it may, I was prepared to ask a whole bunch of questions  
21 of you, Mr. Landwehr, but I'm not going to. I have very few  
22 I will ask you, and I just wanted to compliment you on your  
23 candor.

24          This is not meant as a shot to other witnesses in  
25 this round of hearings who have also been good witnesses,

1 but your candor is refreshing, and I'm not surprised by it  
2 because I have found over the years that when you're talking  
3 with the folks in the Postal Service who are out there where  
4 the rubber meets the road, so to speak, you usually get  
5 answers that are understandable. Perhaps they're not the  
6 answers you want, but they're understandable --

7 THE WITNESS: Right.

8 CHAIRMAN GLEIMAN: -- and they usually make more  
9 sense than not.

10 Also, I'm somewhat comforted by your discomfort,  
11 as it were, with this definitional problem because a lot of  
12 the questions that I would have asked you had to do with the  
13 definition of who is and who is not a resident.

14 It's obvious from the questions you've been asked  
15 so far that there's a lot of confusion about this, and  
16 there's no conclusion. We're being asked, in effect, to buy  
17 a pig in a poke. We don't know whether it's going to affect  
18 14 million boxholders or 14 boxholders, and we don't know  
19 whether boxholders who are classified as migrant laborers  
20 and who may be perceived by the postmaster in San Luis to be  
21 nonresidents at this point in time are going to be  
22 nonresidents when the definition comes out.

23 If they're nonresidents, then it's unfortunate  
24 that perhaps people who work very hard and for very low  
25 wages would be hit with a \$36-a-year nonresident fee on top

1 of whatever the box rental fee might be for them, and I'm  
2 not sure, quite frankly, based on what we heard yesterday  
3 and today so far whether they would have to pay a box rental  
4 fee or not because I know people in the San Luis area get --  
5 even though there is no delivery out of San Luis, there are  
6 people in the San Luis area who get delivery out of other  
7 post offices.

8 THE WITNESS: Some are Somerton's.

9 CHAIRMAN GLEIMAN: So I'm very confused as to  
10 whether we're going to have zero fees for the boxes or \$16  
11 fees for the boxes and whether people who might get hit with  
12 a \$16 fee who are migrant workers and getting, as I said,  
13 rather low wages are probably going to on top of that have  
14 to pay \$36 a year which seems to be insignificant to some,  
15 but if you got to work seven or eight hours or nine hours  
16 after taxes to pay that \$36 a year, that's a pretty hefty  
17 sum, it seems to me.

18 Do you have any sense of whether this \$36 fee from  
19 anything you've heard, anywhere in your effort to prepare  
20 yourself for today, has anything to do with the actual cost  
21 associated with -- I mean, I heard questions where it's not  
22 clear that nonresidents cause the Postal Service to incur  
23 cost differently than residents who have similar habits of  
24 not coming frequently to the post office, but do you have  
25 any sense that there's any basis in costing for that \$36?

1 THE WITNESS: No, sir, I don't. I really was not  
2 involved in determining the cost.

3 CHAIRMAN GLEIMAN: With respect to your own post  
4 office, you mentioned that you have the Fairfield Plantation  
5 Resort there --

6 THE WITNESS: Right.

7 CHAIRMAN GLEIMAN: -- and that you've got people  
8 coming and going. With respect to the definition that you  
9 and the other postmasters who worked together to help you  
10 prepare your testimony, are those people residents or  
11 nonresidents, under your definition? Because it's not clear  
12 to me.

13 THE WITNESS: Under my definition, many of them  
14 would be residents because their primary <sup>residence</sup> ~~resident~~ is in the  
15 Fairfield, but they owned other homes elsewhere, but they  
16 lived the majority of the time -- a good portion of them  
17 live the majority of time in Fairfield. So they do have  
18 other homes.

19 Typically, up north is where a lot of them do  
20 reside, but their primary residence -- and what I mean by  
21 primary, they're there most of the time, I'd say, over six  
22 months of the year.

23 So, in my particular case, in my office, under my  
24 definition --

25 CHAIRMAN GLEIMAN: Under your definition right



1     now, I understand.

2                 THE WITNESS: Yeah. I would say that a good  
3     portion of them probably would be resident.

4                 CHAIRMAN GLEIMAN: You're pretty  
5     community-oriented, which is what I found of most  
6     postmasters who I've talked to over the years, and I've  
7     talked to a whole bunch of them.

8                 THE WITNESS: Well, you see them every day.

9                 CHAIRMAN GLEIMAN: Well, not only do I see the  
10    ones out where I live every day, but I get a chance -- I  
11    just came back from the NAPUS Convention, and over the  
12    years, I've had a chance to speak with folks in places like  
13    North Carolina and Oklahoma and Arkansas at some length, and  
14    everybody pretty much cares about the community.

15                How would you feel about having to tell the people  
16    in Fairfield Plantation who spent less than six months a  
17    year in residence there that they're going to have to pay an  
18    extra 36 bucks?

19                THE WITNESS: Well, people don't like change, and  
20    especially when the change comes out of their pocket --

21                CHAIRMAN GLEIMAN: That's one of those --

22                THE WITNESS: -- and so it's something you always  
23    have to deal with, whether it's a penny increase in postage  
24    or whether it's \$10, \$15, \$16 in different other fees. So  
25    that would be, you know, an issue that would have to be

1 managed locally with my customers, and again, as a  
2 postmaster, I would like to see, you know, whatever does  
3 finalize and come to the field to be able to be explained to  
4 the customer whatever the different fees may be, so they  
5 have an understanding of the rationale of the fee or the  
6 charge.

7 CHAIRMAN GLEIMAN: Well, if you ever figure out  
8 what rationale is, would you let us know? I'd appreciate  
9 it.

10 I don't have any more questions I want to ask.

11 PRESIDING OFFICER QUICK: Commissioner Haley?

12 COMMISSIONER HALEY: Thank you.

13 Good morning, Mr. Landwehr.

14 THE WITNESS: Very good. It took me time to learn  
15 it, too.

16 COMMISSIONER HALEY: It is correct in, really, our  
17 concern here about resident or nonresident -- I think all of  
18 us are trying to determine how we're going to define that  
19 from what we are hearing.

20 I've been reflecting on many situations where we  
21 talk in terms of the migratory persons, or quite frankly, I  
22 was thinking about what happens here on the Washington  
23 scene, whether we call it migratory or not. Many people who  
24 come to the Washington area are considered mere transients  
25 --

1 THE WITNESS: Right, right.

2 COMMISSIONER HALEY: -- to some extent, only  
3 because of the fact that this is a unique area, as you know.  
4 People come from across the Nation, and in many instances,  
5 you could almost say that they have at least two legal  
6 residences.

7 THE WITNESS: I'm one of them.

8 COMMISSIONER HALEY: All right.

9 THE WITNESS: So I know what you're talking about.

10 COMMISSIONER HALEY: Yes, yes. And I can't really  
11 think in terms of our persons coming from Georgia, Kansas,  
12 across the Nation, as being a nonresident of the State,  
13 under the circumstances that we have to deal with.

14 I was just wondering about that. Let's say your  
15 area. When you are here, certainly, you have mail  
16 collected, delivered to you here.

17 THE WITNESS: Right.

18 COMMISSIONER HALEY: But certainly, you could not,  
19 in my opinion, think in terms of being a -- having to pay a  
20 nonresident fee in your home city.

21 THE WITNESS: Uh-huh.

22 COMMISSIONER HALEY: Now, wouldn't that be true of  
23 practically all of the people who are here who want also to  
24 say that they're residents at many places, in other States?

25 THE WITNESS: This is --

1 COMMISSIONER HALEY: Do you understand what I'm  
2 saying?

3 THE WITNESS: Yes, sir, I do because I fall into  
4 that category that you're describing. My primary residence  
5 is in Georgia.

6 COMMISSIONER HALEY: Exactly.

7 THE WITNESS: Then I have a temporary residence up  
8 here while I'm working on different projects. So, you know,  
9 that's why the difficulty in actually defining the final  
10 definition of "resident" --

11 COMMISSIONER HALEY: I understand.

12 THE WITNESS: -- is there.

13 COMMISSIONER HALEY: Yes.

14 THE WITNESS: And there are some areas that need  
15 to be clarified. For example, the urban area, which is what  
16 you're talking about, that has to be clearly defined.

17 It really depends if the definition would be  
18 primary resident or -- if it was primary resident, then,  
19 yes, I would be -- the way I see it -- would be -- I would  
20 be charged a nonresident surcharge, if the definition was  
21 what's your primary residence.

22 For example, when I pay income tax, you have to  
23 list what your primary residence is, and you can't really --  
24 and you have to use that as the guide, but there is  
25 difficulty in finalizing that definition because of the

1 exceptions.

2 In this testimony, the four offices I looked at,  
3 it was pretty clear on how you could feel comfortable with  
4 definition the resident and nonresident, but when you get  
5 outside of those areas into the description you just shared  
6 and some of the others, it takes further work to really  
7 finalize that.

8 COMMISSIONER HALEY: Let me ask you, are there  
9 individuals whose residence is not in the service area of  
10 any post office? Have you thought about that?

11 THE WITNESS: If there -- run that by me one more  
12 time.

13 COMMISSIONER HALEY: There are individuals whose  
14 residence is not in the service area of any post office.

15 THE WITNESS: Every resident has some type of  
16 delivery, whether it be street or a box option available to  
17 them.

18 COMMISSIONER HALEY: Okay.

19 THE WITNESS: You have some offices that have no  
20 delivery, but yet, they have access. For example, in San  
21 Luis, they don't have street delivery, but they do have  
22 access to box service.

23 COMMISSIONER HALEY: To box service.

24 THE WITNESS: To box service, correct.

25 So, to an extent, every individual or business has

1 a delivery option.

2 COMMISSIONER HALEY: In that instance, having box  
3 delivery, would you consider having to pay a nonresident  
4 charge for such a service like that?

5 THE WITNESS: It's my understanding that there --  
6 in the filing that there is a -- if you do not have any  
7 delivery options, street delivery option, then the service  
8 would be of no charge, I believe is the way the filing is.

9 COMMISSIONER HALEY: I've forgotten exactly which  
10 response you made this to, but there was -- I think you made  
11 a statement that in your discretion, perhaps, as a  
12 postmaster, you could change a box. If one was not large  
13 enough, you could --

14 THE WITNESS: Yes.

15 COMMISSIONER HALEY: -- say enlarge or make a  
16 larger box. Is that not true?

17 THE WITNESS: You could move them to a larger box.

18 COMMISSIONER HALEY: Yes.

19 THE WITNESS: That option is there.

20 COMMISSIONER HALEY: Okay.

21 THE WITNESS: Yeah.

22 COMMISSIONER HALEY: Then, if you did that, you  
23 would expect them, of course, to pay a larger fee; is that  
24 right?

25 THE WITNESS: Yes, I would.

1 COMMISSIONER HALEY: Yes.

2 THE WITNESS: Absolutely.

3 COMMISSIONER HALEY: Okay.

4 THE WITNESS: Yeah. The guidelines are  
5 established for overflow conditions --

6 COMMISSIONER HALEY: I see.

7 THE WITNESS: -- mail accumulation, and if they  
8 meet those conditions, then you -- but to be perfectly  
9 honest, I really tried to work -- I tried to be more  
10 proactive. I don't wait until the problem becomes such a  
11 problem that I can't deal with it. I always -- and I think  
12 most postmasters take this approach, unless you're in a  
13 condition where you have no options, like the Middleburg and  
14 the other offices that I mentioned.

15 They don't really have an option because they  
16 don't have any space, and their growth is such that they  
17 really hardly can keep up with the space.

18 San Luis is going to a -- I believe it's about a  
19 22,000-square-foot facility, a very large facility, and it's  
20 going to be primarily post office boxes.

21 COMMISSIONER HALEY: Incidentally, I noted that  
22 you're getting a new facility next month; is that true?

23 THE WITNESS: That is true.

24 COMMISSIONER HALEY: Yes, okay. Is that going to  
25 be leased area as your present facility is or is it public?

1           THE WITNESS: Yes, it is a leased building, and it  
2 will more than double in size which is space that I  
3 desperately need.

4           My area growth is not necessarily in the box  
5 section. I do experience some growth there, not to the  
6 extent of some of the other offices, but my growth is more  
7 in the rural area because people migrating outside of the  
8 Atlanta area and coming out to what I refer to as God's  
9 country.

10          COMMISSIONER HALEY: What is the population of  
11 your city?

12          THE WITNESS: I have around 6,500 -- around 6,000,  
13 6,100 or so deliveries, and so it's probably in the  
14 neighborhood of around 15,000, give or take.

15          COMMISSIONER HALEY: I see. By the way, what city  
16 is Georgia College located in?

17          THE WITNESS: Oh, it's in Milledgeville.

18          COMMISSIONER HALEY: In Milledgeville.

19          THE WITNESS: Right near Macon.

20          COMMISSIONER HALEY: Okay, all right.

21          THE WITNESS: Yeah.

22          COMMISSIONER HALEY: Thank you very much.

23          THE WITNESS: Thank you.

24          COMMISSIONER HALEY: As the Chairman has said, I  
25 appreciated your testimony.



1 THE WITNESS: Thank you very much.

2 PRESIDING OFFICER QUICK: Mr. Landwehr, I want to  
3 change the focus a little bit of the nonresident and  
4 resident thing.

5 THE WITNESS: Okay.

6 PRESIDING OFFICER QUICK: So let's just assume  
7 there is a definition.

8 THE WITNESS: Okay.

9 PRESIDING OFFICER QUICK: Could you discuss the  
10 problems of implementation that postmasters are likely to  
11 encounter as they choose between resident customers and the  
12 greater revenue-generating nonresident customers? Will  
13 there be pressure?

14 I mean, this whole item within this proposal  
15 reclassification revenue proposal, a good deal of the  
16 revenue is generated by box rentals. Now, let's assume  
17 you've got a definition and you've got a waiting list and  
18 you've got nonresidents and residents on it. What kind of  
19 pressure are postmasters going to be under to take the one  
20 that generates the higher revenue?

21 THE WITNESS: It's hard to really describe what  
22 everybody would do. I personally would not go necessarily  
23 after the revenue-generating option. I would go after the  
24 one that best serves my community, and that would be a  
25 decision that would be based on what's available in terms of

1 boxes. I usually go by first-come-first-serve basis unless  
2 other scenarios come before me where I'm forced to almost  
3 make options or make a decision on which one to decide on,  
4 and that, again, would be based on what's in the best  
5 interest of the customer and weighing those variables, but I  
6 don't think, in general, the postmasters would really ignore  
7 their community and push for the higher nonresident customer  
8 just to get the additional funds. So I don't -- I believe  
9 that's what your question was --

10 PRESIDING OFFICER QUICK: Right.

11 THE WITNESS: -- directed toward. I don't think  
12 that will take place, but there again, you know --

13 PRESIDING OFFICER QUICK: I mean, the higher  
14 management levels may be looking for the additional revenue.  
15 Is that possible?

16 THE WITNESS: I mean, you may have some offices  
17 that will be pushing some of the revenue issues, but I  
18 think, as a whole, you would not have -- I don't think that  
19 would be a strong consideration in making a decision on  
20 whether you're going to serve the nonresident versus the  
21 residents.

22 PRESIDING OFFICER QUICK: Okay, thank you.

23 CHAIRMAN GLEIMAN: Commissioner Quick?

24 PRESIDING OFFICER QUICK: I'm sorry. Mr.  
25 Chairman?

1 CHAIRMAN GLEIMAN: I might say that I suspect that  
2 the objectives of postmasters in the field might be a little  
3 bit different than the objectives of folks at headquarters  
4 with respect to whether they want to raise revenue or not.

5 PRESIDING OFFICER QUICK: Well, they have  
6 different needs that they're sensitive to, obviously, that  
7 Mr. Landwehr has mentioned in terms of their responsiveness  
8 to the local communities, and the issue of fairness as well.

9 Does any participant have any follow-up  
10 cross-examination as a result of questions from the bench?

11 CHAIRMAN GLEIMAN: I have a question, and I would  
12 like to ask it.

13 I know that there's no set definition, but I also  
14 know from your testimony that you all did have a definition.

15 THE WITNESS: Yes.

16 CHAIRMAN GLEIMAN: But it appears to me that you  
17 worked with four communities, your own and three others --

18 THE WITNESS: Right.

19 CHAIRMAN GLEIMAN: -- that are somewhat different  
20 than the situation that I find myself in, in suburban  
21 Washington. I live in Silver Spring, Maryland. My zip code  
22 as of about two years ago is 20905. It used to be 20904.  
23 It's part of Silver Spring, Maryland. There are a whole  
24 bunch of 20901-to-20910 zip codes out there.

25 I don't think there's a substation that has 20905.

1 I know that there's a substation that has 20904. It's the  
2 one that's closest to me, but it's not the one that's the  
3 most convenient to me. Do you have any sense in the  
4 definition you were using whether a person in my  
5 circumstances if I were to go up the road to 20906 and ~~went~~<sup>rent</sup>  
6 a box in 20906 whether I would be considered to be a  
7 resident or a nonresident? I think I'm served out of 20904  
8 still. They're building a new facility right now for  
9 carriers, but --

10 THE WITNESS: Yeah. That's one of the examples I  
11 was giving that has to be resolved, especially in the urban  
12 area, is you have offices, for example, that deliver  
13 multiple zip codes which I believe may be your case, and  
14 you'd have to define in the urban area what the residents of  
15 the urban area is.

16 There's been some informal discussions about what  
17 that might be, but it would be one that needs to be clearly  
18 defined. If you are a substation, it is possible that you  
19 may be not hit with the nonresident.

20 CHAIRMAN GLEIMAN: Who knows?

21 THE WITNESS: Yes.

22 CHAIRMAN GLEIMAN: I was just kind of curious as  
23 to your understanding that you work from of how it was, but  
24 you worked with small communities.

25 If I'm correct, Mr. Chairman, the people in those

1 -- 60 percent of the boxholders in San Luis, Arizona, who  
2 are migrant workers and, therefore, under the definition or  
3 the description at least that was used in the testimony of  
4 nonresidents, if my math is right, 60 percent of 6,000 at 36  
5 a year is about \$129,600 worth of new fees out of folks who  
6 are busy picking the fruits and vegetables that wind up on  
7 our tables.

8 I'm done.

9 PRESIDING OFFICER QUICK: Are you finished?

10 Follow-up cross-examination following questions  
11 from the bench?

12 MR. CARLSON: I have none.

13 PRESIDING OFFICER QUICK: Mr. Ruderman?

14 MR. RUDERMAN: No, thank you.

15 PRESIDING OFFICER QUICK: Mr. Popkin?

16 MR. POPKIN: I just have two questions.

17 FURTHER CROSS EXAMINATION

18 BY MR. POPKIN:

19 Q You indicated that everybody has some form of  
20 delivery service. I didn't quite follow.

21 In other words, if I live out in a -- I love to  
22 call it "boonies," but I don't know if that's appropriate.

23 A Rural America.

24 Q Okay.

25 -- where there are no rural routes, no city

1 deliveries, I just have a house on a back road, far from any  
2 rural delivery, far from any city delivery, obviously, what  
3 area am I a resident of?

4 A I don't know.

5 Q In other words, then there is no area that I'm a  
6 resident of.

7 A You mean --

8 Q No Postal Service area that I am a resident of.

9 A Where is this located at?

10 Q Somewhere in the middle of nowhere.

11 A I thought you actually lived there.

12 Q No, no. No, no, no.

13 A I was going to say, I'd love to know where this  
14 place is.

15 I'm not familiar if that occurs. I believe every  
16 area has a zip code assigned to that area. If it is, I'm  
17 not aware of it.

18 Q Well, how would the zip code be assigned if it  
19 wasn't as a function of a rural route going by there?

20 A Well, I mean, you know, if you live in an area  
21 that does not receive street delivery, you can apply for a  
22 route extension, and if it meets the conditions of the route  
23 extension, you may get street delivery.

24 Q Right, but if I'm --

25 A If not, then you --

1           Q     I live 20 miles from the nearest rural road and 20  
2 miles from my nearest neighbor, so that I certainly don't  
3 meet the route extension of a rural route, whatever -- I  
4 don't recall offhand what that is, not living outside of an  
5 area.

6           A     I would suggest that you go talk to the nearest  
7 postmaster, and I am sure they will help you, to help  
8 identify where it is you need to go.

9           Q     Well, in other words, but the question is --

10          A     You're dealing with a hypothetical with no facts  
11 that you're asking me to make an answer to.

12          Q     Well, I'm just responding to your response to  
13 Commissioner Haley where you indicated that everybody does  
14 have one.

15          A     To my knowledge, they do, and you're saying that  
16 let's assume that there's a place that doesn't, and I'm  
17 saying that, to my knowledge, everybody does.

18          Q     Okay.

19          A     I can't comment unless you give me more specifics  
20 of an area that you're talking about. I'm not aware of one.

21          Q     Not having been in that type of a neighborhood, I  
22 --

23          A     Yeah. I would say just don't move there.

24          Q     Right.

25               MR. POPKIN: The other question I have is more to

1 the Chair, and that is, the Chairman mentioned that you're  
2 buying a pig in the poke as far as the regulations go. Is  
3 that something that we should only be dealing with in brief  
4 as being inappropriate, or is there something that we should  
5 be doing on cross-examination of the witnesses with respect  
6 to that concept?

7 PRESIDING OFFICER QUICK: Well, we have witnesses  
8 here to testify on their expertise. I think we should --  
9 we're using them as our resource here. I don't think issues  
10 -- issues that they address in their testimony are relevant,  
11 certainly.

12 On brief is the appropriate place to make your  
13 final conclusions or arguments.

14 MR. POPKIN: Okay, thank you.

15 PRESIDING OFFICER QUICK: That brings us to  
16 redirect.

17 Mr. Hollies, would you like a little time with  
18 your witness?

19 MR. HOLLIES: Yes, I would. I've got several  
20 people here assisting me today, and we need to compare notes  
21 and come up with what we want to do.

22 I do expect some redirect at this point off the  
23 top of my head, I guess, in 15 minutes. Perhaps the  
24 appropriate way to handle the procedure here would be to  
25 call for the lunch break and add a few minutes to that,



1     which we can use to consult with the witness, and reconvene,  
2     say -- it's about 12:04 -- about 1:10 or something in that  
3     range for an afternoon session to commence with Witness  
4     Landwehr's redirect.

5             PRESIDING OFFICER QUICK:  That's fine with me.  
6             Let's be back here at 1:10, then.

7             What is this?  I can't read this thing.  1:15?

8             MR. HOLLIES:  It's about 12:05 now.

9             PRESIDING OFFICER QUICK:  Now it's 12:05?  1:15.  
10     We'll be back here at 1:15.

11             [Whereupon, at 12:05 p.m., the hearing was  
12     recessed for lunch to reconvene at 1:15 p.m., this same  
13     day.]

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## AFTERNOON SESSION

[1:15 p.m.]

Whereupon,

JOHN F. LANDWEHR,

the witness on the stand at the time of the recess and,  
having been previously duly sworn, was further examined and  
testified as follows:

PRESIDING OFFICER QUICK: All right. We'll  
reconvene, and we're happy to be rejoined by Commissioner Le  
Blanc.

Mr. Hollies, are you ready for redirect, you and  
your witness?

MR. HOLLIES: We are prepared to go forward now.

PRESIDING OFFICER QUICK: All right.

MR. HOLLIES: I have six areas of inquiry.

## REDIRECT EXAMINATION

BY MR. HOLLIES:

Q Mr. Landwehr, in your testimony and in your  
cross-examination today, we have explored at some length the  
four offices addressed in your testimony. Are they the  
exclusive basis for the opinions you've given us today and  
in your testimony?

A No, not exclusive. I have based the testimony not  
only on the four offices, but my 21 years of Postal  
experience which allowed me the exposure as a letter

1 carrier, clerk, postmaster, customer service representative,  
2 manager of commercial accounts in Atlanta and Birmingham, as  
3 well as an officer-in-charge for several months in Jemison,  
4 Alabama.

5 So, with that background along with other offices  
6 that I visited in the capacity of those jobs in Alabama and  
7 Georgia and others around the country, I use that as my  
8 basis for the testimony.

9 Q Are the unusual offices you cite unique, or are  
10 they representative in any sense of other offices?

11 A Well, they share the same characteristics of  
12 offices that are similar. For example, the San Luis shares  
13 similar characteristics of offices that are located on the  
14 border of Mexico, same thing with Blaine, Washington. That  
15 shares common characteristics of those offices located on  
16 the Canadian border, as well as the offices of Middleburg  
17 that represents the affluent or the prestigious address  
18 requirements of that local community that is shared by  
19 numerous offices around the country.

20 Q You were asked some questions by Mr. Carlson in  
21 connection with his interrogatory DFC/USPS-T3-2 --

22 A Okay.

23 Q -- which asked you for percentages of -- for  
24 percentage breakdowns on nonresident and resident boxholders  
25 who may be late in paying box fees.

1           You were also discussing with him at that point  
2 whether you had quantified support, that is, studies to  
3 support your testimony, and my recollection is that you  
4 answered no, you did not.

5           Do you have any evidence, qualitative or  
6 quantitative, that bears in any way on this question?

7           A     Not on quantitative, but just qualitative on the  
8 basis of my knowledge of these offices and other offices.

9           Q     In another point in your cross-examination, you  
10 indicated that various procedures required in your position  
11 as postmaster were, quote, "not a problem," unquote, for  
12 you. Does that mean that there are no costs associated with  
13 responding on these individual issues?

14          A     When I referred to the problems, I was referring  
15 to I manage the situations. So I did not classify it as a  
16 problem, but whenever I did address these issues, there was  
17 cost related to correcting these specific issues. So there  
18 was cost involved, and resources.

19          Q     So does the fact that something might not be a  
20 problem for you mean that it is also not a problem for the  
21 Postal Service?

22          A     No. You know, when I used that term that it was  
23 not a problem for me, I was specifying in my office, but  
24 that does not mean that nationwide there is not cost and  
25 resources directly associated with those types of problems.

1           Q     You were also asked some questions about the  
2     possibility of moving a customer who is regularly exceeding  
3     the capacity of their current size box to a larger box size.  
4     Are there any customer relations issues associated with such  
5     a move?

6           A     Yes, there is. Whenever you go to -- when you use  
7     the option or the regulation that allows you to move a  
8     customer up to another size box to accommodate their  
9     volumes, you do run into situations where there's a lot of  
10    costs involved to the customer.

11                You're dealing with -- any time you deal with a  
12    change of address, whether it be a box even -- or a street,  
13    there's some things that the customer has to do. One, you  
14    have to deal with a forwarding order, and that forwarding  
15    order sometimes will delay the mail for a couple of days  
16    while it goes through the forwarding order process, the  
17    computerized markup units.

18                Also, customers have to update and change their  
19    stationery, which is very expensive, as well as -- depending  
20    on what type of company, they may have a lot of field  
21    offices, district offices, field representatives, that they,  
22    too, have to change their stationery, not to mention the  
23    vendors that they have to deal with, their communications,  
24    the people they do business with.

25                So there's a lot of cost involved, and that's why

1 I think I made the statement earlier that sometimes you can  
2 win the battle and lose the war because you may correct one  
3 problem, but by doing so, create many more problems that are  
4 sometimes more difficult to deal with.

5 Q You were asked about burdens imposed by boxholders  
6 who don't check their box very often, but nonetheless, do  
7 not experience overflow or accumulation problems, and I  
8 believe you acknowledged that those customers are not the  
9 source of overflow and accumulation problems that we've been  
10 talking about, but do those customers cause any other  
11 burdens in the operations of a post office?

12 A They can in the sense that if these boxes receive  
13 any accountable mail, which would include certifieds,  
14 express mail, things of this nature, where you have to do  
15 notification of the customer, there is some administrative  
16 burden put there, as well as if they received parcels. That  
17 can add to some of the administrative cost that's involved  
18 in -- although you may not have a problem with the box  
19 itself, but things that are associated with that box may  
20 cause some problems.

21 Q For the benefit of those of us who have not spent  
22 much time in the field, could you elaborate a little bit on  
23 exactly what those notification procedures are?

24 A Well, you have to notify with a written notice and  
25 put it into the box, and if they do not respond in a given

1 time, then you put a second notice in, and then if they  
2 don't respond, then you have to actually return the mail  
3 according to what type or class of mail it is. To do so, it  
4 is resource-intensive.

5 Q You were asked about costs that originate with the  
6 burdens imposed by nonresident boxholders, and you  
7 separately were asked about and discussed the new facility  
8 planned in San Luis. Are there any costs associated with  
9 building new facilities?

10 A A lot of expense. For example, mine that I'm  
11 building in Villa Rica, it's about a million-dollar  
12 facility, and the San Luis new facility is more than twice  
13 the size mine is. I'm not sure what the cost would be, but  
14 it would be quite substantial, and the primary use of that  
15 facility is going to accommodate post office boxes and the  
16 local needs for those boxes, current and projected growth.

17 MR. HOLLIES: I have no further questions at this  
18 time.

19 PRESIDING OFFICER QUICK: Is there any follow-up  
20 to the redirect?

21 MR. CARLSON: I have a few questions.

22 PRESIDING OFFICER QUICK: Mr. Carlson.

23 RECROSS EXAMINATION

24 BY MR. CARLSON:

25 Q Regarding accountable mail and the notices that

1 are left in post office boxes, is that burden of leaving  
2 notices in post office boxes any greater than the burden  
3 that the Postal Service would endure if a carrier were  
4 delivering that article to a house and the customer were not  
5 home and didn't respond to the first notice, for instance?

6 A Whether it would be post office box or a carrier,  
7 if the customer did not respond to the first notice, then  
8 the second notice would go out to the street or to the post  
9 office box, whichever the article was addressed to.

10 Q So the cost results from a customer whether it be  
11 a person on a carrier route or a resident boxholder or a  
12 nonresident boxholder not responding to the notices?

13 A The notification as well as second notice are  
14 consistent. They're not handled differently.

15 Q You mentioned the customer relations problem that  
16 would result from essentially forcing people to move up to a  
17 larger box size. Do you see any customer relation problems  
18 if a \$36 annual nonresident fee is instituted for people who  
19 have nonresident boxes?

20 A It would be hard to really formulate or to really  
21 say what the responses of a particular customer or customers  
22 would be.

23 As I mentioned earlier, customers, in general, are  
24 resistant to additional charge and fees, in general, and so  
25 there would be some resistance on any type of fee,



1       regardless what it's associated with --

2           Q       So they may not --

3           A       -- typically.

4           Q       I'm sorry to cut you off.

5                   They may not like the fact, and then, suddenly,  
6       somebody who has a box next to them is paying \$36 less per  
7       year than they are?

8           A       So what's the question?

9           Q       They may not like that?

10          A       That's a possibility.

11          Q       Then, finally, regarding other offices, other post  
12       offices that share the characteristics of the offices in  
13       your testimony, is it fair to say that you suppose that  
14       there are other offices in wealthy areas that share the  
15       characteristics of Middleburg, Virginia?

16          A       That share similar characteristics?

17          Q       Yes.

18          A       That are affluent and have a high demand for  
19       prestige addressing?

20          Q       I'm sorry. I mean, is it fair to say that you  
21       suppose that there are similar post offices in wealthy areas  
22       similar to Middleburg that experience the same types of  
23       problems that Middleburg experiences?

24          A       That's possible, yes.

25          Q       But you don't know for a fact that there are other

1 offices?

2 A Well, I know that there are other offices that  
3 have been discussed in news articles that share similar  
4 problems; for example, as I mentioned, I believe Beverly  
5 Hills.

6 In my personal examination, the Atlanta area,  
7 there are certain addresses there that are sought after for  
8 prestige addressing purposes and to give the appearance of  
9 doing business there. So those areas would be -- and those  
10 are shared throughout the Nation.

11 I can't say that there's not an area that would be  
12 excluded from that.

13 Q Of course, in Atlanta and Birmingham, didn't we  
14 establish that it was really the street address that was  
15 prestigious, not the P.O. box address specifically since --

16 A Well, no, it's really the location itself, the  
17 city.

18 Q But if it's Atlanta or Birmingham and a person has  
19 a post office box there?

20 A Yeah. I believe the example you gave was, you  
21 know, it could be answered that way, but typically, it's the  
22 city. If you want to have the prestige address and the  
23 appearance of doing business in Beverly Hills, then you need  
24 the Beverly Hills post office and the city.

25 Q Is Atlanta considered a prestige address?

1 A Certain parts of Atlanta can be, yes.

2 Q But if I have a P.O. box in Atlanta, isn't my  
3 address P.O. Box XYZ, Atlanta, Georgia  
4 3-0-3-something-something?

5 A Yes.

6 Q So you can't name more than 10 particular offices  
7 that you think would have -- or that you know have  
8 characteristics similar to the Middleburg post office, or  
9 problems?

10 A Not right up here on the stand, I could just sit  
11 here and list, but, I mean, you know, if I had time to just  
12 start thinking of the different offices that could fall into  
13 that category, you could come up with a list, probably.

14 Q But then you would want to investigate them, too?

15 A Sure.

16 MR. CARLSON: I have nothing further.

17 PRESIDING OFFICER QUICK: Any other follow-up to  
18 redirect?

19 Mr. Ruderman?

20 Mr. Popkin?

21 MR. RUDERMAN: No, I don't have anything.

22 RECROSS EXAMINATION

23 BY MR. POPKIN:

24 Q Okay. The question was raised that you're basing  
25 your testimony not only on these four offices, but also on

1 your 21 years of experience. Very simply, have you done any  
2 studies? Have you done any quantitative analysis as to  
3 anything other than you're relying, obviously, on your 21  
4 years experience in the Postal Service?

5 A I have done no quantitative studies.

6 MR. HOLLIES: In the interest of avoiding that  
7 question in the future, we would be happy to stipulate that  
8 Mr. Landwehr has conducted no quantified studies.

9 MR. POPKIN: Okay. Thank you on that.

10 BY MR. POPKIN:

11 Q Have you done any studies with respect to the  
12 costs that you state are related to the problems that you've  
13 related, those you've indicated in your redirect that there  
14 were costs associated with some of these problems? Have you  
15 done any study with respect to these costs?

16 A No.

17 Q You also indicated that in San Luis, there will be  
18 a large capital expenditure primarily for the purpose of  
19 boxes or an increase in the number of boxes. Will the  
20 Postal Service be charging the customers for each of these  
21 boxes in an attempt to recoup this added money?

22 A It would be charging what is appropriate for that  
23 box size.

24 Q Correct.

25 A Whether it would recapture --

1 Q Well, at some point, it may at least recapture  
2 part or all or some of the expenses --

3 A Yeah.

4 Q -- or more than the expenses --

5 A Yeah, I'm not --

6 Q -- but we don't know.

7 A Yeah. I'm not a costing expert, but just --

8 Q But they will be charging for those boxes?

9 A Yes.

10 MR. POPKIN: I have nothing further.

11 PRESIDING OFFICER QUICK: Any follow-up from the  
12 bench as a result of redirect?

13 Mr. Chairman?

14 CHAIRMAN GLEIMAN: Concerning your responses  
15 earlier today being based on more than just the four post  
16 offices listed in here, you indicated in a follow-up  
17 question to redirect that -- well, you indicated in your  
18 response to the redirect that you had some other  
19 experiences, a letter carrier, and you spent four months in  
20 Jemison --

21 THE WITNESS: Right.

22 CHAIRMAN GLEIMAN: -- as postmaster there.

23 Would it be fair to say that your experience in  
24 the Postal Service is not in a cross-section of the 28,000  
25 -- not representative of an experience in a cross-section of

1 the 28,000 different post offices that the Postal Service  
2 has? Primarily, it's been in small- to moderate-sized  
3 facilities?

4 THE WITNESS: Yeah. I've also had quit a bit of  
5 experience in large facilities.

6 CHAIRMAN GLEIMAN: Such as?

7 THE WITNESS: Okay. The Jemison that I was OIC  
8 for several months was a level 18, a little smaller than  
9 what I'm in now.

10 The Villa Rica office is a level 20, which is what  
11 I would categorize as kind of a medium-sized office.

12 The office that I clerked and carried at was about  
13 the same size, slightly larger, but as a customer service  
14 representative, as well as manager of commercial accounts in  
15 Atlanta and Birmingham, I worked extensively in box  
16 operations with larger customers in large facilities.

17 So, not only did I have the experience in a post  
18 office environment, but even in a larger urban setting where  
19 I worked with a lot of major mailers, what we call major  
20 mailers and customers, who spent a great deal of money and  
21 had a lot of their <sup>finances</sup> ~~financial~~ tied into box services in their  
22 business.

23 CHAIRMAN GLEIMAN: That experience that you had as  
24 a customer service rep in Atlanta working with those kinds  
25 of people, those kinds of customers was, am I correct,

1 somewhere between 10 and 14 years ago?

2 THE WITNESS: No. I was the manager of commercial  
3 accounts in Atlanta all the way up to 1992, and at that  
4 time, I had 16 account representatives that worked for me.

5 So, until '92, from about '86 to '92, which is six  
6 years, that was as a manager of commercial accounts and then  
7 prior a couple of years as a customer service  
8 representative. So it's been a few years, but it has not  
9 been -- I don't think it's changed that much.

10 CHAIRMAN GLEIMAN: The four atypical, but  
11 representative of other atypical -- or three atypicals --

12 THE WITNESS: Yes.

13 CHAIRMAN GLEIMAN: -- yours being the typical of  
14 the lot, you mentioned that they're representative of  
15 similar offices at the Southwest border, Canadian border,  
16 and in affluent areas. There are 28,000 post offices. How  
17 many of the 28,000 are located in the Southwest border  
18 region and are similar in nature to --

19 THE WITNESS: San Luis?

20 CHAIRMAN GLEIMAN: -- San Luis, and how many are  
21 located on the Canadian border and are similar to the  
22 situation that is in Blaine, and how many does the Postal  
23 Service classify as being in affluent areas, such that their  
24 addresses are sought because of the perceived business  
25 benefit or social benefit or whatever?

1 THE WITNESS: I don't have specific numbers on  
2 that.

3 CHAIRMAN GLEIMAN: Do you think --

4 THE WITNESS: It would be interesting. I would  
5 like to see that, but I don't have that.

6 CHAIRMAN GLEIMAN: Do you think it's 10 percent of  
7 the post offices, 50 percent?

8 THE WITNESS: I really don't know.

9 CHAIRMAN GLEIMAN: So we don't know --

10 THE WITNESS: It would be a best guess of mine.  
11 That would be a rough guess.

12 CHAIRMAN GLEIMAN: When you deal with the problems  
13 the way you do, and I'm sure you do and I'm sure you do a  
14 good job at it, too, but you indicated in a redirect  
15 question in response on redirect that you do incur some  
16 costs, and there are some resources expended. Do you do any  
17 accounting for those resources that are expended, that are  
18 associated with these problems?

19 THE WITNESS: I don't keep -- like a record or a  
20 log of some type where I maintain --

21 CHAIRMAN GLEIMAN: Well, is there a cost  
22 accounting system that captures any information that tell  
23 ~~us~~ how much money is spent on problems associated with  
24 overflow boxes or lost keys?

25 THE WITNESS: Not really. I mean, we do --



1     there's work teams that come into the offices periodically  
2     that do an overall review of your operation, and part of  
3     that would include looking at the day-to-day operations of  
4     the box section, but sometimes these problems don't arise  
5     when that team is there. So it --

6             CHAIRMAN GLEIMAN: One last question or area of  
7     questions, depending on how it all comes out. With respect  
8     to the cost of new facilities, you were asked about that,  
9     and you indicated that in the case of San Luis, for example,  
10    there was going to be this new facility --

11            THE WITNESS: Right.

12            CHAIRMAN GLEIMAN: -- that was going to cost more  
13    than yours did. Yours is in excess of a million?

14            THE WITNESS: Yeah, but I think it's around 1.5.

15            CHAIRMAN GLEIMAN: You said that the facility in  
16    San Luis was being built primarily to accommodate boxes  
17    growth --

18            THE WITNESS: Right.

19            CHAIRMAN GLEIMAN: -- in that type of operation.

20            Do you know how the Postal Service costs out the  
21    actual capital cost of a new facility? Do they attribute  
22    the capital cost? For example, when they built the new big  
23    postal facility in Chicago that cost lots and lots of money,  
24    more than I understand it was supposed to cost -- I don't  
25    remember the exact figure. Do you have any sense of whether

1 they divided out and said, well, we've got 1,000 boxes that  
2 we're putting in this new facility, so we're going to  
3 attribute that money to boxes, and when we calculate how  
4 we're going to pay for this, we're going to raise box fees  
5 to recover that money, or is there some different type of  
6 situation that exists?

7 For example, if you have a post office that's got  
8 -- you've got 60,000 pieces of first-class letter mail?

9 THE WITNESS: In the box section, weekly, roughly.

10 CHAIRMAN GLEIMAN: Mail received daily except  
11 Sunday, approximately 65,000 letters, 11,600 flats, 176  
12 parcels, the boxes, which means you've got a lot more mail.  
13 That's 25 percent of your mail?

14 THE WITNESS: Yeah, that's about right.

15 CHAIRMAN GLEIMAN: If we're going to raise box  
16 fees because 25 percent of your mail is box-related, are we  
17 going to raise stamp fees because 75 percent of your -- do  
18 you have any sense of whether that's the way the Postal  
19 Service operates its accounting?

20 THE WITNESS: I really don't -- I really don't  
21 know. I really don't.

22 CHAIRMAN GLEIMAN: Thank you.

23 THE WITNESS: Thank you.

24 PRESIDING OFFICER QUICK: Any further follow-up?

25 [No response.]

1           PRESIDING OFFICER QUICK: Thank you, Mr. Landwehr.  
2 We appreciate very much your testimony and the contributions  
3 you have made for our record.

4           THE WITNESS: Thank you.

5           PRESIDING OFFICER QUICK: You are excused.

6           [Witness excused.]

7           PRESIDING OFFICER QUICK: Mr. Hollies, will you  
8 identify your next witness so I can swear him in, please.

9           MR. HOLLIES: I wonder if we could have about a  
10 minute or two here to do the paper-shuffling as we move from  
11 one witness to the next.

12           PRESIDING OFFICER QUICK: All right. We will go  
13 off the record for a minute.

14           [Recess.]

15           PRESIDING OFFICER QUICK: Mr. Hollies?

16           MR. HOLLIES: The Postal Service calls Paul M.  
17 Lion to the stand.

18           PRESIDING OFFICER QUICK: Mr. Lion, will you rise  
19 and raise your right hand, please.  
20 Whereupon,

21                           PAUL M. LION,  
22 a witness, was called for examination by counsel for the  
23 Postal Service and, having been first duly sworn, was  
24 examined and testified as follows:

25                           DIRECT EXAMINATION

1 BY MR. HOLLIES:

2 Q Good afternoon, Mr. Lion.

3 I have here two copies of a document entitled  
4 Direct Testimony of Paul M. Lion on Behalf of United States  
5 Postal Service in Docket No. MC96-3.

6 I'm going to hand them to you and ask if you can  
7 identify them.

8 A Yes. This is my testimony.

9 Q Your testimony in this case.  
10 Was that prepared under your direction and  
11 control?

12 A Yes.

13 Q Were you to testify orally today, would your  
14 testimony be the same as that document?

15 A Yes.

16 MR. HOLLIES: The Postal Service moves for  
17 admission of the Direct Testimony of Paul M. Lion into  
18 evidence.

19 PRESIDING OFFICER QUICK: Are there any  
20 objections?

21 [No response.]

22 PRESIDING OFFICER QUICK: Hearing none, the  
23 testimony and the exhibits are received into evidence. As  
24 is our practice, they will not be transcribed.

25 [USPS-T-4 was marked for

1 identification and received into  
2 evidence.]

3 PRESIDING OFFICER QUICK: Mr. Lion, have you had  
4 an opportunity to examine the packet of designated written  
5 cross-examination that was made available to you earlier  
6 this morning?

7 THE WITNESS: Yes.

8 PRESIDING OFFICER QUICK: If these questions were  
9 asked of you today, would your answers be the same as those  
10 previously provided in writing?

11 THE WITNESS: Yes.

12 PRESIDING OFFICER QUICK: Two copies of the  
13 corrected designated Written Cross-Examination of Witness  
14 Lion will be given to the reporter, and I direct that it be  
15 accepted into evidence and transcribed into the record at  
16 this point.

17 [The Designated Written Cross-  
18 Examination of Paul M. Lion was  
19 received into evidence and  
20 transcribed into the record.]

21  
22  
23  
24  
25

POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Special Services Fees and Classifications

Docket No. MC96-3

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE WITNESS

PAUL M. LION

(USPS-T-4)

The following discovery responses have been designated as written cross-examination.

Asking Party

Answers to Interrogatories

Douglas F. Carlson

T4-1.

National Association of Postmasters  
of the United States

T4-1-2; and T2-3 redirected from  
witness Steidtmann.

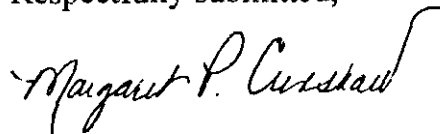
Office of the Consumer Advocate

T4-1, 3-21, 27, 35-37, 41-43, 44  
(a), 44(d); T1-26 redirected from  
witness Lyons; and T7-2(a), 13 and  
17 redirected from witness  
Needham.

United Parcel Service

T1-1 redirected from witness  
Lyons.

Respectfully submitted,



Margaret P. Crenshaw  
Secretary

Response of Witness Lion to Interrogatory of Douglas F. Carlson, Docket No. MC96-3

**DFC/USPS-T4-1.** For all post offices in the California counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara, please provide a list, by post office, of the hours during which customers have access to their post-office boxes.

**RESPONSE:**

Any interested party may collect this information by telephoning the offices in question. Post offices, as well as subordinate stations and branches, are listed with telephone numbers and addresses in telephone directories maintained by many libraries nationwide. This information was not collected by the Postal Service and is not part of the data sources on which my testimony relies.

Responses of Witness Lion to Interrogatories NAPUS/USPS-T4-1-2, MC96-3

**NAPUS/USPS-T4-1.** By level of post office - level 26, level 24, level 22, level 18, level 15, level 13, level 11 and levels A-E - how many offices have a waiting list for post office box rentals?

**RESPONSE:**

The PO Box Study did not collect data by EAS level. However, data on the number of post offices by CAG are contained on the disk submitted as Item 4 of LR-SSR-113.



Responses of Witness Lion to Interrogatories NAPUS/USPS-T4-1-2, MC96-3

**NAPUS/USPS-T4-2.** What is the average time, in weeks or months, that a customer must wait before a box becomes available in each of the above level offices?

**RESPONSE:**

No data were collected on the length of time customers must wait on waiting lists.

Response of Witness Lion to Interrogatory NAPUS/USPS-T2-3, Re-directed from Witness Steidtmann

**NAPUS/USPS-T2-3.** How many post offices have 24 hour box service ?

**RESPONSE:**

I assume for the purpose of responding that this interrogatory refers to customer access to post office boxes. From the PO Box Study described in my testimony: 10,741 out of 25,591 post offices responding have 24-hour access, or 42 percent. See Tables 8A and 8B at page 12, USPS-T4.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-1.** Please refer to pages 34 and 35 of your testimony concerning attributable costs.

- a. Are there any differences between the attributable costs of providing post office box service to
  - (1) resident versus non-resident box holders? If yes, please specify these cost differences.
  - (2) non-resident US citizens versus non-resident foreign national box holders? If yes, please specify these cost differences.
- b. Please identify in the three main categories of post office box attributable costs, "Space Support," Space Provision," and "All Other," the differences in attributable costs associated with providing box service to residents, non-residents, non-resident US citizens, and non-resident foreign nationals.

To the extent possible, the information requested in this interrogatory should be provided separately by fee Group and box size. Also, if Postal Service data are unavailable to support these cost differences, please provided the best estimates of the cost differences, and provide documentary or other support for the estimates.

**RESPONSE:**

(a) & (b) The data sources we have examined are not designed to, and thus do not, identify any attributable cost differences associated with providing box service to residents, non-residents, non-resident U.S. citizens, and non-resident foreign nationals. Witness Landwehr discusses the additional workload that can result from providing box service to non-residents. USPS-T-3 at 4-5, 7-8, 9-10.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-3.** Please refer to page 35, lines 7-14, of your testimony concerning the attribution of costs to post office boxes. To the best of your knowledge, does the methodology of allocating attributable costs to post office boxes by fee Group and box size conform to the Commission's methodology of allocating attributable costs to post office boxes in Docket Nos. R90-1 and R94-1. If you cannot confirm, please explain all known differences from the Commission's methodology and the effect of those differences on the allocation of attributable costs to post office boxes.

**RESPONSE:**

It is unclear what is specifically meant by "the Commission's methodology of allocating attributable costs to post office boxes in Docket Nos. R90-1 and R94-1". To the best of my knowledge, our methodology basically conforms to that of the Commission, as described in the Commission's Opinion, Docket No. R94-1, page V-158.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-4.** Please refer to page 19, lines 1-6, of your testimony.

- a. Please confirm that the first stage of sampling in your Subgroup I-C sample was to select a stratified sample of ZIP Codes from a universe of approximately 12,000 ZIP Codes. If you do not confirm, please describe exactly what was sampled at this first step.
- b. Please confirm that the term "representative sample" refers to a probability sample of the ZIP Codes containing CMRAs. If you do not confirm, please explain.
- c. If the sample of ZIP Codes is differential by strata, please provide the stratum sampling rates for each of the strata.

**RESPONSE:**

- a. Not confirmed. The first step was the creation of a file (CITYZIPS.XLS), as explained in USPS-LR-SSR-118, Item 2. This file lists all ZIP Codes with city routes. The goal and result of all six steps on pages 19-20 of my testimony was to produce a sample of CMRAs in Delivery Group I-C ZIP Codes that was stratified by business cost areas and distributed among geographic regions.
- b. Not confirmed. The sample selected is representative in the sense described in USPS-T-4, p.20, lines 19-22.
- c. Sampling rates by stratum are shown in USPS-LR-SSR-118, Item 6, Table SSR-118-1.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-5.** Please refer to the six steps described on pages 19-20 of your testimony.

- a. Please provide the number of ZIP Codes remaining eligible for sampling at the conclusion of step 1.
- b. Please provide the number of ZIP Codes remaining eligible for sampling at the conclusion of step 2.
- c. Please provide a list of the 32 metropolitan areas that are referred to in step 3.
- d. Please provide the number of unique ZIP Codes that were represented by the 291 CMRAs identified at the conclusion of step 4.
- e. Please confirm that ZIP Codes that did not match ZIP Codes of the 291 CMRAs identified in step 4 were eliminated from the sampling universe. If you do not confirm, please explain.
- f. Please confirm that the list of CMRAs was expanded to 327 by augmenting the sample only in ZIP Codes already identified in the CMRA list of step 4. If you do not confirm, then please explain how you determined which additional ZIP Codes to the new CMRAs would be selected from.
- g. Please confirm that the 327 CMRAs referred to in step 6 consisted of all CMRAs that could be located in either the Yellow Pages or the Phone Disc file for the 32 metropolitan areas identified in step 3. If you do not confirm, please explain.
- h. Please describe the Phone Disc file referred to in step 6.
- i. Please confirm that the Yellow Pages phone books were all the 1995 editions of the phone books. If you do not confirm, please provide the name of each metropolitan area and the corresponding phone book date. If a metropolitan area has several Yellow Pages phone books, separately list each one. (For example, the Washington DC metro area includes Northern Virginia, Montgomery Co. (MD), Prince Georges Co. (MD), and the District of Columbia.)
- j. Please provide the date associated with the entries on the Phone Disc file.
- k. Please confirm that the portions of the Phone Disc file used correspond with the same geography as that covered by the Yellow Pages phone books relied upon.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA-T4-5  
Page 2 of 3

**RESPONSE:**

- a. 11,941. See USPS-LR-SSR-118, Item 6.
- b. 11,903. See USPS-LR-SSR-118, Item 6.
- c. Boston MA, Jersey City NJ, Buffalo NY, Rochester NY, Pittsburgh PA, Harrisburg PA, Wilmington DE, Washington DC, Baltimore MD, Charlotte NC, Tampa FL, Toledo OH, Cleveland OH, Detroit MI, Dayton OH, Cincinnati OH, Minneapolis MN, St. Louis MO, Kansas City MO, Omaha NE, Baton Rouge LA, Dallas TX, Houston TX, San Antonio TX, Austin TX, Salt Lake City UT, Phoenix AZ, Las Vegas NV, Los Angeles CA, San Francisco CA, Sacramento CA, Portland OR.
- d. 235.
- e. The question assumes that some ZIP Codes did not match. In fact, ZIP Codes for all 291 CMRAs were successfully matched to the Delivery Subgroup I-C database; none were eliminated.
- f. Not confirmed. Several metropolitan areas and towns for which we did not have Yellow pages, but which were on the Phone Disc file, were added. New ZIP Codes were therefore included, so as to satisfy the criterion in USPS-T-4, page 19, lines 4-6.
- g. Not confirmed. The 327 CMRAs do not include all CMRAs that could be located in the "32 metropolitan areas". First, additional metropolitan areas were added based on the Phone Disc file. Second, if the ZIP Code of a CMRA listed in the Yellow Pages could not

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA-T4-5  
Page 3 of 3

be identified, that CMRA was not included in the 327. Third, when we reached the appropriate sampling level for each stratum, no further CMRAs in that stratum were called.

h. The Phone Disc file is an electronic compilation of addresses and telephone numbers marketed by Digital Directory Assistance of Bethesda MD. It is available in the Postal Service Library. A brief description is included as Item 3 of USPS-LR-SSR-124.

i. Unable to confirm. The most recent versions of the Yellow Pages available in the Department of Commerce Library as of late 1995 were used. Copies of these pages, with the metropolitan area handwritten in, are included as Item 1 in USPS-LR-SSR-124.

j. The most recent versions of the Phone Disc file available in the Postal Service Library as of early 1996 were used. A printout of the Phone Disc listings used is included as Item 2 in USPS-LR-SSR-124.

k. Not confirmed. Although there is some overlap, the portion of the Phone Disc file used added geographic areas to those covered by the Yellow Pages relied upon. See my response to 5(f), above.



RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-6.** Please refer to page 22 of your testimony. You state that only 50 of the 299 CMRAs provided data on mailbox size. You then go on to display the average box sizes in Table 12.

- a. Are these figures meant to be representative of CMRA box sizes in general? If not, then what is the purpose of Table 12?
- b. Do you view these 50 CMRAs as a representative sample of the total 299 CMRAs interviewed? Please explain.
- c. Please confirm that you only attempted to determine box size characteristics for the 299 CMRAs of Delivery Subgroup I-C. If you do confirm, please explain why Delivery Subgroups I-A and I-B were excluded. If you do not confirm, please reconcile with lines 1-4 of page 22 of your testimony.
- d. Are these average box sizes weighted by the number of boxes of each size at each responding CMRA? If not, explain why not and what these numbers represent. If so, please cite the portion of the supporting spreadsheet file (BOXSIZE.XLS) that computes the weighted averages.

**RESPONSE:**

- a. Only 50 CMRAs provided this information. The purpose of Table 2 is to summarize the data presented in Figures 7-9.
- b. The 50 CMRAs that did respond to this question are distributed across geographic areas and business cost areas. In that sense, the sample is representative.
- c. Not confirmed. We attempted to get box-size data from all 420 CMRAs successfully interviewed. Of the 50 CMRAs that did respond, 42 are in Subgroup I-C and 8 are in Subgroup I-B. No CMRA in Subgroup I-A provided this information. The first sentence on page 22, while substantially correct, should read "420" instead of "299".

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA-T4-6**  
**Page 2 of 2**

d. No. These are simple averages of the data reported. We thought it appropriate to assign equal weight to each respondent, since the unit of interest is the individual business establishment.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-7.** Is it more accurate to describe the Subgroup I-C sample as a probability sample of ZIP Codes or as a census of CMRAs in the 32 identified metropolitan areas? Please explain.

**RESPONSE:**

It is accurate to describe the Subgroup I-C sample as a representative sample across geographic areas and business cost areas. In the 32 identified metropolitan areas, the Subgroup I-C sample is about 30 percent of the Subgroup I-C CMRAs listed in the Yellow Pages.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T4-8. Refer to page 21 of your testimony concerning fees for CMRA boxes. Please confirm that commercial mail receiving agents (CMRAs) do not assess a non-resident fee on CMRA box holders.

**RESPONSE:**

This question was not asked in the survey, so we are unable to confirm whether CMRAs do or do not assess non-resident fees. In general terms, I would expect CMRAs to be operated like many private businesses, and charge what the market will bear.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T4-9.** Refer to page 3, lines 3-5, of your testimony where it states that "the main purpose of [the study] was to inventory the number of boxes in different sizes and delivery groups."

- a. Please provide by delivery Group and box size a count of boxes rented by individuals.
- b. Please provide by delivery Group and box size a count of boxes rented by all other entities (other than individuals).

Where quantitative data is not available, please provide percentage estimates of the information requested in a. and b. above.

**RESPONSE:**

Information on whether boxes were rented by individuals or "other entities" was not collected;

I have no basis for making the requested estimates.

**OCA/USPS-T4-10.** Refer to LR-SSR-119, Sheet 8, which contains the subtotal for "Space Support".

- a. Please confirm that the subtotal for Space Support is \$193,853,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for Space Support in "a." above, and amount for the Space Support category on page 35, line 11 of your testimony.
- c. Please provide the correct amount for the Space Support category.

**RESPONSE:**

(a)-(c) Not confirmed. The total should be \$193,493, the same as on line 11, page 35 of USPS-T-4. The difference between \$193,493 (which is correct) and \$193,853 (which is on Sheet 8) results from a transposition of numbers in Category 11.1.2 on Sheet 8 (\$4,517 instead of \$4,157).

Sheet 8 of LR-SSR-119 was not used in the calculations and should have been deleted.

Note also that there is a typographical error in the last line of Table 16, page 40. The Grand Total should be \$193,493 instead of \$193,453. A correction will be submitted as an erratum.

**OCA/USPS-T4-11.** Refer to LR-SSR-119, Sheet 8, which contains the subtotal for "All Other."

- a. Please confirm that the amount for All Other is \$108,799,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for All Other in "a." above, and amount for the All Other category on page 35, line 13 of your testimony.
- c. Please provide the correct amount for the All Other category.

**RESPONSE:**

(a)-(c) Not confirmed. The total should be \$109,159, the same as on line 13, page 35 of USPS-T-4. The source of the difference between \$109,159 (which is correct) and \$108,799 (which is on Sheet 8) is a result of the same transposition error described in the response to OCA/USPS-T4-10, above. Thus, the total for "All Other" on Sheet 8 increased by the same amount that "Space Support (erroneously) decreased (\$360 = \$4,517 - \$4,157).

Sheet 8 of LR-SSR-119 was not used in the calculations and should have been deleted.

**OCA/USPS-T4-12.** Refer to LR-SSR-119, Sheet 8, and the amount \$217,853 in the column "TOTAL ACCRUED (\$1,000)" for "C/S 18.2.5 INTEREST EXPENSE-BLDG & LEASEHOLD (COMPONENT 215)".

- a. Please provide the calculations used to derive the amount \$217,853.
- b. To the extent cost figures used in the calculations of the amount referred to in "a." above are not contained in the document "Cost Segments and Components, Fiscal Year 1994", please provide documents containing those figures.

**RESPONSE:**

As previously noted, Sheet 8 of LR-SSR-119 contains errors, is not used in USPS-T-4, and should have been deleted. The calculations can be tracked using just the sheets labeled "All Other", "Space Support", "Space Provision", and "Unit Costs", plus the FY 1994 Cost Segments and Components Report.



**OCA/USPS-T4-13.** Refer to page 34, lines 5-6, of your testimony where it states "[a]ttributable costs are derived from the Cost Segments and Components Report for FY 1994". Please explain why attributable costs for post office boxes are derived from the Cost Segments and Components Report for FY 1994 rather than the Cost Segments and Components Report for FY 1995.

**RESPONSE:**

The FY 1995 Cost Segments and Components Report was not available in time. Since other witnesses make use of my results, I could not wait for the FY 1995 report.

**OCA/USPS-T4-14.** Refer to page 35, line 6, of your testimony. Please confirm that the number "4." was inadvertently placed there. If you do not confirm, please explain.

**RESPONSE:**

Confirmed.

**OCA/USPS-T4-15.** Refer to page 44, Table 18, of your testimony.

a. Please confirm that no attributable costs are allocated to Delivery Group III post office boxes. If you do not confirm, please explain.

b. Please confirm that attributable costs for Delivery Group III post office boxes are allocated to Delivery Group I-A, I-B, I-C, and Delivery Group II post office boxes. If you do not confirm, please explain.

c. Please provide attributable costs per box for Delivery Group III in the same form as Table 18, or in the alternative, provide total attributable costs for Delivery Group III.

d. Please explain why the attributable costs for Delivery Group III (proposed Group E) post office boxes should not be treated as institutional costs.

**RESPONSE:**

(a) Confirmed.

(b) Confirmed.

(c) There are no data upon which to base the allocation requested. Based on a study submitted to the Commission in an earlier proceeding, attributable costs of Delivery Group III can be estimated at approximately 1.6 percent of total P.O. box attributable costs (Docket No. R90-1, LR F-183), as shown below.

Refer to Table 9 in LR-F-183. To derive the percentage of Delivery Group III costs first sum the "Revenues" for Delivery Group III in column 8 as follows (dollars in thousands):

<u>Box size</u>	<u>Annual Fee</u>	<u>Revenues</u>
1	\$13.56	\$2,016
2	\$19.03	\$1,031
3	\$35.46	\$ 652
4	\$68.32	\$ 70
5	\$134.03	<u>\$ 70</u>
		\$3,839

Since the table calculates "breakeven fees and revenues", the sum represents total attributable costs for Delivery Group III post office boxes. Dividing \$3,839 by the total attributable costs for all three delivery groups (\$234,464) results in 1.6 percent for Group III.

(d) Given the data available, the calculation is impossible. Even if possible, as the study cited above shows, the change would be small.

**OCA/USPS-T4-16.** Refer to LR-SSR-93, Item 1, page 3.

- a. Please define and describe the following box types:
- (1) business and residential facility boxes,
  - (2) contract boxes, and
  - (3) detached boxes.
- b. Please identify where each box type defined and described in "a." above is located in relation to Delivery Group I-A, I-B, I-C, Delivery Group II, and Delivery Group III post offices.

**RESPONSE:**

- (a) These terms are defined on page 5-20 of the Address Information Products Guide (July 1995), published by the Postal Service. A copy of the relevant page is appended.
- (b) While each type of box can be found in each delivery group, we do not have the distribution across delivery groups.

## V. DATA ELEMENT DEFINITIONS

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<b>Scheme Possible Residential Centralized Count</b>	<p>This is the number of possible mail deliveries made to residential non-NDCBU central delivery equipment (i.e., apartment house receptacles, delivery centers, or mailroom receptacles). Generally, this pertains to any mail receiving unit where the carrier has access to more than one individual customer's receptacle by opening only one door or a single Arrow lock. This count does not include any curbside receptacles.</p> <p>For rural delivery, this field is a count of the number of residential rural mail receiving units where the rural carrier has access to more than one individual customer's mail receptacle by opening one door.</p>
<b>Scheme Possible Residential Contract Box Count</b>	This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in contract stations.
<b>Scheme Possible Residential Curb Count</b>	This is the number of possible mail deliveries made to residential receptacles that are located at the curb.
<b>Scheme Possible Residential Detached Box Count</b>	This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in detached box units (a box section that is not located in a Post Office building, but one for which the USPS collects box rent).
<b>Scheme Possible Residential Facility Box Count</b>	This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in postal facilities.
<b>Scheme Possible Residential NDCBU Count</b>	This is the number of possible mail deliveries made to residential cluster boxes, also known as NDCBU's (Neighborhood Delivery and Collection Box Units). An NDCBU is a USPS-installed, free-standing unit which contains mail compartments in groups of 8, 12, 16, or 18.
<b>Scheme Possible Residential NPU Count</b>	This is a count of the number of possible residential Non-Personnel deliveries on a delivery route.
<b>Scheme Possible Residential Other Count</b>	This is a count of the number of possible mail deliveries made to residences by means other than curb, Post Office Box, or NDCBU. Examples of this type of delivery include door-to-door (walking route) or door-slot delivery.

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**OCA/USPS-T4-17.** Refer to Table 16 on page 40 of your testimony, and the Grand Total for "Space Support" costs.

- a. Please confirm that the Grand Total for Space Support is \$193,453,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for Space Support in "a." above, and the amount for the Space Support category on page 35, line 11 of your testimony.
- c. Please explain the difference between the amount for Space Support in "a." above, and the subtotal for Space Support in LR-SSR-119, Sheet 8.
- d. Please provide the correct amount for the Space Support category.

**RESPONSE:**

**T4-17.** (a)-(d) Not confirmed. This is a typographical error. The correct amount is \$193,493, as on line 11, page 40.

**OCA/USPS-T4-18.** Refer to Table 17 on page 43 of your testimony. Please confirm that the allocation of Space Provision costs on a per box basis does not rely on the computations in the column Percentage of Equivalent Capacity. If you do not confirm, please explain.

RESPONSE:

**T4-18.** *Confirmed.*



**OCA/USPS-T4-19.** Refer to footnote 10 on page 36 of your testimony and LR-SSR-119, Sheet 8. Please confirm that Segment 18 costs for workers compensation, FERS retirement, and holiday leave are apportioned between the All Other cost category and the Space Support cost category on the basis of related salary costs. If you cannot confirm, please explain.

**RESPONSE:**

**T4-19.** Not confirmed. All servicewide personnel benefits in cost segment 18, including workers compensation, FERS retirement and holiday leave, are in the "All Other" category. Please note that sheet 8 of LR-SSR 119 should have been deleted. It was not used in development of my testimony.

**OCA/USPS-T4-20.** Refer to page 36, line 1, of your testimony where it states “A similar analysis [for space support costs] was presented in Docket No. R90-1.” Please explain any differences between the allocation of Space Support costs presented in your testimony and that presented in Docket No. R90-1.

**RESPONSE:**

**T4-20.** The methodology used in the reference cited in Docket No. R90-1 (USPS LR-F-183) is the same as that used in my testimony in this proceeding; that is, costs are allocated to box size and delivery group on the basis of what I have called “equivalent capacity”, which is the number of boxes multiplied by a “capacity factor” proportional to box size. The study cited uses the terms “normalized boxes” and “space factor” to denote the same concepts.

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**RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORY  
OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T4-21.** Refer to LR-SSR-104, page 1, and USPS-T-7, footnote 15, at 23, concerning caller service. Please confirm that the "Facility Cost Mail Processing per Square Foot" was computed on the same basis as the average rental cost per square foot (see LR-SSR-99, at 5).

- a. If you do not confirm, please explain why the "Facility Cost Mail Processing per Square Foot" was not estimated on the same basis as the average rental cost per square foot for post office boxes.
- b. If you do not confirm, please provide for caller service the "Facility Cost Mail Processing per Square Foot" on the same basis as the average rental cost per square foot (see LR-SSR-99, at 5) computed for post office boxes by Delivery Group I-A, I-B, I-C, and Delivery Group II.

**RESPONSE**

Not confirmed.

- a. Average rental costs in LR-SSR-99 were calculated to provide a basis for allocating attributable space provision costs across delivery groups. The objective of this allocation was to account explicitly for the high correlation between space costs per square foot and the delivery group where the space is located.
- b. No data were collected on space used by caller service.

Response of Witness Lion to Interrogatories of the OCA, MC96-3

**OCA/USPS-T4-27.** Refer to your response to OCA/USPS-T4-15(d).

- (a) Please explain why the calculation of Delivery Group E attributable costs is impossible. Please identify any data necessary to make the calculations.
- (b) What evidence to the contrary do you have that the attributable cost of Delivery Group E is not 1.6 percent of total post office box attributable costs for the test year?
- (c) Assume the attributable cost of Delivery Group E is 1.6 percent of total post office box attributable costs. Please explain the rationale for not treating these costs as institutional costs.

**RESPONSE:**

- a. It is not possible to apply the methodology used given the data available. The distribution of boxes by box size is required to allocate costs. This information was not collected for Delivery Group III. Moreover, it is my understanding that Group E would be a different group than Group III. Thus the portion of attributable costs allocated to Group E would likely be different from those for Group III.
- b. First, the 1.6 percent is based on an analysis for Group III for Docket No. R90-1. The proportion of total attributable costs might well have changed since then. Second, as discussed in the response to (a), Group E as proposed is different from Group III. No analysis of the proportion of post office box service costs that will be allocated to Group E has been attempted.
- c. These costs are volume variable costs, rather than institutional costs. See the description of these costs in USPS-T-4 at 34-35. The rationale for charging no fee for Group E boxes is given in USPS-T-7 at page 21.

Response of Witness Lion to Interrogatories of the OCA, MC96-3

**OCA/USPS-T4-35.** Refer to your response to Presiding Officer's Information Request No. 1, question 8. Please provide the average number of post office boxes installed in contract offices administered by non-city delivery offices.

**RESPONSE:**

227, as shown in LR-SSR-93, Item 2, page 15 (denoted mean).

Response of Witness Lion to Interrogatories of the OCA, MC96-3

**OCA/USPS-T4-36.** Refer to LR-SSR-119, at page 5. Please provide the average rental cost per square foot for Delivery Group III.

**RESPONSE:**

\$6.72, as shown in LR-SSR-99, Item 3, page 31. Since SSR-119 is a diskette, it has no page 5.

Response of Witness Lion to Interrogatories of the OCA, MC96-3

**OCA/USPS-T4-37.** Refer to your responses to OCA/USPS-T4-10-11 and LR-SSR-119. Please confirm that the sheet entitled "CRA" in LR-SSR-119 was used in the calculation of post office box attributable costs. If you do not confirm, please explain.

RESPONSE:

Not confirmed. As stated in the response to OCA/USPS-T4-12, the calculations can be tracked using only the sheets labeled "All Other", "Space Support", "Space Provision", and "Unit Costs", plus the FY 1994 Cost Sgments and Components Report. Sheet "CRA" was not used, contains errors, and should have been deleted.

Response of Witness Lion to OCA Interrogatories, Docket No. MC96-1

**OCA/USPS-T4-41.** Refer to Table 18 of your testimony concerning the attributable costs of post office boxes. Please confirm that the cost of parcel lockers is included in the total attributable costs per box.

(a) If you do not confirm, please explain the rationale for excluding the cost of parcel lockers from attributable costs.

(b) If you do confirm, please explain where and how the cost of parcel lockers has been included in attributable costs.

RESPONSE:

a-b. Confirmed. Space required for parcel lockers is included directly with post office boxes, as shown at page C-15 of LR-G-120 in Docket No. R94-1. Labor costs are included in the "All Other" category.



Response of Witness Lion to OCA Interrogatories, Docket No. MC96-1

**OCA/USPS-T4-42.** Refer to Table 4 of your testimony concerning the number of post offices boxes in use. Please provide the number of post office box customers that also receive city, rural, or highway contract delivery service by Delivery Group I-A, I-B and I-C, and Delivery Group II.

RESPONSE:

We have no information on the number of boxholders that also receive delivery service.

Response of Witness Lion to OCA Interrogatories, Docket No. MC96-1

**OCA/USPS-T4-43.** Refer to Table 7 of your testimony concerning facilities reporting space to expand.

- (a) Please provide the number of post offices reporting that the number of boxes in use for each box size equaled the number of boxes installed for each box size by Delivery Group I-A, I-B and I-C, and Delivery Group II.
- (b) Please provide the number of post offices identified in "a" above that also reported space available to expand the number of post office boxes by Delivery Group I-A, I-B and I-C, and Delivery Group II.

RESPONSE:

(a) This information is given in Table 6, page 9 of USPS-T-4.

(b)

**Post Offices with In Use = Installed and Space Available**

Delivery Group	Box Size				
	1	2	3	4	5
I-A	0	0	2	0	0
I-B	4	8	5	4	2
I-C	207	176	185	235	205
II	674	1096	1881	770	246

[Note: The row totals, if added, will be larger than those shown in column 5 of Table 7, page 10, USPS-T-4. These rows are not additive. Facilities with in use=installed in more than one box size will be double-counted.]

**OCA/USPS-T4-44.** Refer to LR-SSR-113, page 4, and the response to OCA/USPS-T4-23.

a. Please confirm that the "P.O. Box Unit Survey" instructions requested that reporting facilities "[r]eport the total number of caller service customers . . . ." If you do not confirm, please explain.

b. What evidence do you have that "unit managers" responding to the line, "Caller Service: Number of Customers" in the survey referred to in (a) above were providing a count of the "caller numbers that are assigned to the callers . . . for each separation used"? (See Response to OCA/USPS-T4-23; DMM § D920.1.4.)

c. What evidence do you have that "unit managers" responding to the line "Caller Service: Number of Customers" in the survey referred to in (a) above were providing a count of the "number of persons or organizations receiving caller service"? (See Response to OCA/USPS-T4-23; DMM § D920.1.2.)

c[sic]. Please provide any additional instructions to "unit managers" responding to the survey referred to in (a) above concerning the data requested for "Caller Service: Number of Customers."

**RESPONSE:**

Subparts b and c of this interrogatory are being answered by Witness Landwehr.

a. Confirmed.

[d.] No additional instructions were provided to unit managers.

OCA/USPS-T1-26. Refer to your response to Presiding Officer's Information Request No. 1., [sic] question 10. Please confirm that the figure, 338,510, referenced in LR-SSR-93 at page 6, represents the number of post office boxes tabulated from Group III post offices, even though Group III post offices were not surveyed in the post office box survey. If you do not confirm, please explain.

RESPONSE:

Not confirmed. The number was derived from the Deliver Statistic File, as explained in Item 1 of LR-SSR-93, so that the number of Group I and Group II boxes in the Post Office Box Study could be expanded properly.

RESPONSE OF POSTAL SERVICE WITNESS LION TO INTERROGATORY  
OF THE OFFICE OF THE CONSUMER ADVOCATE,  
REDIRECTED FROM WITNESS NEEDHAM

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OCA/USPS-T7-2. Refer to Table 1 on pages 3 and 4.

- a. Please provide a list of ZIP Codes by state for proposed Group E post offices for which no city or rural delivery service is available and customers will "pay" proposed Group E fees of \$0.00.

RESPONSE:

Please see library reference SSR-125 for a preliminary list of ZIP Codes for proposed Group E post offices. For Group E offices, as proposed, no city or rural delivery service is available, and the proposed box fee is \$0.00. It is my understanding that this list is only an approximation based on current information, which does not include any implementing regulations; accordingly, the list, which also has not been checked for accuracy as to each individual ZIP Code, may be both overinclusive and underinclusive. Moreover, the list would be expected to change prior to implementation to the extent that delivery is extended from additional offices. The list does not include nondelivery ZIP Codes at which no boxes are currently installed. Branches and stations that do not provide delivery are not included if delivery is provided by the administering post office, since such customers would presumably be eligible for delivery in such circumstances.

**OCA/USPS-T7-13.** Please refer to page 25, lines 3-5 of your testimony. This testimony implies that residents are unable to obtain boxes due to non-resident box holders. To the extent information is available, please provide a listing of offices having either a post office box waiting list or non-resident box holders. This list should include the total number of boxes of each size, the number of non-resident box holders for each box size, the number of waiting list applicants for each box size, and the number of non-resident waiting list applicants for each box size. Please provide this information as a computer file so that it can be readily summarized.

**RESPONSE:**

The only available information has already been provided in Library Reference SSR-113, Supplemental Materials Relating to the Post Office Box Survey. Item 3 in SSR-113 shows the SAS program used to edit the data and Item 4 is the diskette containing the edited data. The headings for the different columns of data on the original file are listed at lines 652-665 of Item 3. On the diskette, the first two columns (ZIP Code and Finance Number) have been deleted. The third and fourth columns (Delivery Group and "Old" Delivery Group) have been replaced by a single column denoting the former. (Note: "Old" Delivery Group is derived from the ALMS file and has been superseded by the information on the survey form.) The remaining columns are the same as listed at lines 653-65 of Item 3. (The last two columns on the disk are coded flags.)

No information was collected regarding non-resident box holders (*see* Library Reference SSR-113, Item 1).

**OCA/USPS-T7-17.** Refer to pages 12-13, lines 16 and 1-2, respectively, of your testimony where it states "On the other hand, CMRAs offer, to varying degrees, services that are available only on a limited basis, if at all, in post offices."

- a. Please confirm that CMRAs offer the following services: choice of street address or box address; 24-hour access; call-in mailcheck; mail forwarding; package receiving; and, 24-hour copier access. Please identify other services that are offered by CMRAs.
- b. Please list those services identified in "a" above that are available, if at all, in post offices.
- c. Please indicate in percentage terms how widely available are the services listed in "b" above at post offices.

**RESPONSE:**

- a. Confirmed that some CMRAs offer each of the identified services. Other services offered by CMRAs can include personal access key (lockbox), fax, notary, and packaging supplies.
- b. Services offered by post offices are summarized in Table 8A, page 12 of USPS-T-4. Of the specific services cited, 24-hour access and copiers are included in the table. Post offices also offer mail forwarding, call-in mail-checking, and package receiving in addition, of course, to the usual range of postal services.
- c. Table 8B, page 12, USPS-T-4, presents data on the percentage of post offices offering these services.

Response of Witness Lion to UPS/USPS-T1-1, Re-directed from Witness Lyons, MC96-3

**UPS/USPS-T1-1.** Please refer to page 18 of your testimony at lines 8-10.

- (a) Please state the number of residences and businesses in the United States for which the Postal Service does not provide carrier delivery.
- (b) Please state the total number of post office boxes for which the boxholders do not have the option of receiving carrier delivery.
- (c) Please state the number of postal and contract facilities that provide no carrier delivery services for any residences and businesses in the area served by that by postal or contract facility.
- (d) Please state the number of postal and contract facilities that do not provide carrier delivery services for at least some of the residences and businesses in the area served by that by postal or contract facility.
- (e) Please state the number of individuals in the United States for whom carrier delivery at their residence is not currently provided.

**RESPONSE:**

- a. We have no particular basis for determining the number of residences and businesses to which the Postal Service does not provide delivery.
- b. Postal Service information systems do not collect this information because they do not record residence status or whether a local customer of a post office is eligible for delivery from some other office.
- c. The only information available, the Delivery Statistics File (DSF), shows 5,248 post offices (defined by finance numbers) as providing no city, rural, or highway contract delivery services.
- d. Available Postal Service information systems do not collect this information. Using the DSF and ALMS files, we can determine how many routes of each type are assigned to a finance number (post office). We cannot determine whether these routes serve twenty percent, fifty percent, or 100 percent of the addresses in that area.
- e. The Postal Service does not have information on the numbers of individuals at residences.



1           PRESIDING OFFICER QUICK: Does any participant  
2 have additional written cross-examination for Witness Lion?

3           [No response.]

4           PRESIDING OFFICER QUICK: The Office of Consumer  
5 Advocate filed a timely request for oral cross-examination  
6 of Witness Lion. Additionally, a request to cross-examine  
7 was filed yesterday by Mr. Carlson. I will grant that  
8 request.

9           Does any other participant wish to cross-examine  
10 Witness Lion?

11          MR. CARLSON: I would like to note that I will  
12 have no questions for Mr. Lion.

13          PRESIDING OFFICER QUICK: Thank you.

14          All right. Mr. Ruderman, please proceed.

15          MR. RUDERMAN: Thank you, Mr. Presiding Officer.

16                       CROSS EXAMINATION

17          BY MR. RUDERMAN:

18          Q     Could you please turn to the Postal Service's  
19 response to OCA/USPS-T4-29?

20          A     29? I did not respond to 29.

21          Q     Did you bring the Postal Service's response to  
22 that interrogatory with you?

23                This interrogatory asks questions about data  
24 contained in the study that was conducted in approximately  
25 1979. Are you somewhat familiar with that study?

1           A     1979? No, I'm not familiar. I did not provide  
2 this response.

3           Q     So, if I asked you any questions with regard to  
4 that response, you could not answer the questions?

5           A     I don't think so.

6           Q     Let me ask the question, and if you can't answer  
7 the question, just please say so.

8                     What steps were taken by the Postal Service to  
9 assure itself that the number of separations per caller are  
10 still accurate?

11          A     I do not know.

12          Q     Thank you.

13                     Could you please turn to your response to OCA  
14 Interrogatory T4-15?

15          A     Yes, I have it.

16          Q     You state that the attributable cost for delivery  
17 group 3 are approximately 1.6 percent of delivery groups 1,  
18 2, and 3; is that correct?

19          A     As of a study done in 1988 for R90, yes, that's  
20 what I estimated.

21          Q     Would you be able to estimate what the  
22 attributable cost to delivery group E will be in  
23 relationship to the total cost of delivery groups A through  
24 E in the test year?

25          A     I don't have any numbers on delivery group E.

1 Q Do you think you could collect that information,  
2 or is that information just not available?

3 A I don't think we have the data to collect that  
4 information.

5 Q Thank you.

6 Please turn to your response to DFC/USPS-T4-1.

7 A I'm sorry?

8 Q DFC/USPS-T4-1.

9 A Right, yes.

10 Q You state that the information on Postal Service  
11 hours for certain California locations could be collected by  
12 contacting the Postal Service; is that correct?

13 A That's what I stated, yes.

14 Q Does the Postal Service have any information on  
15 Postal Service lobby hours nationwide?

16 A I do not believe they do, and I believe they filed  
17 a response No. 48 that stated that -- no, not 48. I've got  
18 the wrong reference.

19 Q There were some recent interrogatories addressing  
20 that.

21 A Yes.

22 Q Could you please refer to library reference 113?

23 A Yes, I have it.

24 Q Can you turn to page 4? I believe I put some  
25 copies of the page 4 with the Commissioners.

1 A That's the survey form?

2 Q Yes.

3 A Right.

4 Q The caption at the top of the page says Post  
5 Office Box Unit Survey.

6 Will you please turn your attention to two-thirds  
7 of the way down the page where it states caller service,  
8 number of customers?

9 A Yes.

10 Q Is it correct to say that the responses to this  
11 line is from what you determined that there were 100,770  
12 separations?

13 A Yes.

14 Q Thank you.

15 A Could I add one point on that?

16 Q Sure.

17 A In the reference to -- there's a reference in the  
18 domestic mail manual, D-920, paragraph 1.4, which, in  
19 effect, equates all customers are assigned a caller service  
20 number, and a caller service number is assigned for each  
21 separation used.

22 Q Could you please refer to your response to  
23 OCA/USPS-T4-44?

24 A Yes, I have it.

25 Q Would you please assume that an office has three

1 caller service customers and a total of six caller service  
2 separations?

3 Also, assume that the unit manager mistakenly  
4 enters three in response to the line, caller service number  
5 of customers in the survey.

6 Are you will with me?

7 A Yes.

8 Q Okay. If this happened, would the edit process of  
9 data from the Post Office Box Unit Survey detect this error?

10 A No.

11 Q Could you please refer to your response to  
12 OCA/USPS-T7-13?

13 A T7-13. Yes, I have it.

14 Q Your response says that no information was  
15 collected on a number of nonresident boxholders in the Post  
16 Office Box Unit Survey.

17 The question also asked about post office with  
18 waiting list and nonresidents on a waiting list.

19 Based upon your response, is it correct to say  
20 that the Post Office Box Unit Survey did not collect any  
21 information on the number of post offices having a box  
22 waiting list?

23 A No, that's not correct. We did ask a question on  
24 the number of people on waiting lists from which you can  
25 derive the number of facilities with waiting lists.

1           We did not include that in my testimony. It is on  
2   the disk, I believe, that we provided.

3           Q     So did the Post Office Box Unit Survey collect any  
4   information on number of residents and nonresidents on the  
5   post office box waiting list?

6           A     No.

7           MR. RUDERMAN: Thank you. That concludes my  
8   questioning.

9           PRESIDING OFFICER QUICK: Is there any follow-up  
10   cross-examination?

11           [No response.]

12           PRESIDING OFFICER QUICK: Questions from the  
13   bench?

14           Mr. Chairman?

15           CHAIRMAN GLEIMAN: Mr. Lion, on page 9 of your  
16   testimony, Table No. 6, can you tell me the number of  
17   facilities based on this part of your survey that are at  
18   capacity overall? I know this indicates that 38 percent of  
19   the post offices have capacity constraints in at least one  
20   box size. Do we have any sense of how many post offices  
21   have capacity constraints across the board of all boxes?

22           THE WITNESS: By that, I presume you mean every  
23   box size is full.

24           CHAIRMAN GLEIMAN: Yes.

25           THE WITNESS: We do not run that information. We

1 have the data that could do it, and we've provided that on  
2 the disk that we provided to others.

3 CHAIRMAN GLEIMAN: And I take it that we could  
4 find out how many facilities have waiting lists  
5 theoretically?

6 THE WITNESS: We can find out how many have  
7 waiting lists as well. We can find out the answers to the  
8 question. We didn't -- yes.

9 CHAIRMAN GLEIMAN: So is it reasonable to assume  
10 that in the case of -- to use two of the post offices that  
11 have been discussed a bit today -- Middleburg, Virginia,  
12 that we know they're filled up and have a waiting list of  
13 somewhere between 20 and 50, depending on at what point you  
14 looked at the waiting list.

15 Down the road is a place called White Post,  
16 Virginia. We don't know whether White Post, Virginia, has a  
17 waiting list or not, or is filled up, do we?

18 THE WITNESS: We could check the data for the zip  
19 code of White Post.

20 CHAIRMAN GLEIMAN: Okay.

21 THE WITNESS: The zip codes, incidently, were not  
22 included on the disk that we provided others.

23 CHAIRMAN GLEIMAN: Similarly, with respect to  
24 Beverly Hills, which apparently is a sought-after, prestige  
25 address and is filled up, we don't know whether down the

1 road in Westwood they've got excess capacity there at this  
2 point?

3 THE WITNESS: I don't know that myself. I think  
4 we could check.

5 CHAIRMAN GLEIMAN: So we don't know from this  
6 survey whether if we were to impose a fee on nonresidents in  
7 the interest of apparently getting them to move to somewhere  
8 else -- I'm not quite sure what the objective is here  
9 because, as I indicated earlier on, I don't know that the  
10 fee is cost-based, and I don't know whether the objective of  
11 headquarters is to generate a lot of new revenue versus the  
12 field, which is to satisfy customers, but if we wanted to  
13 say to people, look, you don't have to pay this nonresident  
14 fee, you can go back to your own home town, go back down the  
15 street to Westwood, rent your box there, we don't know  
16 whether Westwood has a box available for those folks  
17 necessarily, do we?

18 THE WITNESS: We do not know that, no.

19 CHAIRMAN GLEIMAN: I was fascinated with the  
20 response rate that you got. Usable responses, 79 percent.  
21 You were doing this for the U.S. Postal Service in surveying  
22 the U.S. Postal Service, were you not?

23 THE WITNESS: Yes, sir.

24 CHAIRMAN GLEIMAN: Is that unusual to -- I mean, I  
25 know that's a substantial response rate.



1 THE WITNESS: We were very happy with it, but I  
2 don't know if it's unusual.

3 CHAIRMAN GLEIMAN: If you have a captive audience,  
4 you wouldn't have expected a higher rate than that?

5 THE WITNESS: I --

6 CHAIRMAN GLEIMAN: You got what you got.

7 You did some work on allocating attributable  
8 costs, and the question came up in redirect with Mr.  
9 Landwehr about the building of the new postal facility in  
10 San Luis zone, and I noticed when I looked at your  
11 discussion of cost attribution that you talked about the  
12 several areas, and when it came to space provision cost, you  
13 had rent, interest expenses, and depreciation cost.

14 Am I to take it, then, that the Postal Service  
15 doesn't take the X-millions of dollars that it's going to  
16 cost for the San Luis facility and just plunk it down as an  
17 attributable cost at the front end?

18 THE WITNESS: I believe they depreciate it as a  
19 capital expense.

20 CHAIRMAN GLEIMAN: Okay. So it doesn't really  
21 show up in the front end of the process over time?

22 THE WITNESS: Not in just one year, right.

23 CHAIRMAN GLEIMAN: How long do they appreciate it?

24 THE WITNESS: I don't know the answer to that.

25 CHAIRMAN GLEIMAN: I have no other questions.

1                   PRESIDING OFFICER QUICK: Does any <sup>participant</sup> ~~participate~~  
2   have any follow-up as a result of -- oh, I'm sorry. I'm  
3   sorry. Commissioner Le Blanc.

4                   COMMISSIONER LE BLANC: Mr. Lion, clarify for me,  
5   if you can, on page 3 of your testimony, lines 9 through 12.  
6   Are you there yet, sir?

7                   THE WITNESS: Yes.

8                   COMMISSIONER LE BLANC: Okay. You state that data  
9   collection forms were mailed to 32,436 group 1 and 2 post  
10   offices and that duplicates and group 3 offices were  
11   eliminated, correct?

12                  THE WITNESS: Yes. Yes, sir.

13                  COMMISSIONER LE BLANC: Could you clarify, answer  
14   for me, please, do the collection forms that group 3  
15   offices, which were eliminated, include all of group 3  
16   offices?

17                  THE WITNESS: I don't think so. We weren't  
18   supposed to get any group 3 offices, but we got some and  
19   then eliminated them. That would not be all of group 3 that  
20   we got.

21                  COMMISSIONER LE BLANC: The purpose of the  
22   elimination was?

23                  THE WITNESS: We were doing a study of groups 1  
24   and 2.

25                  COMMISSIONER LE BLANC: Just 1 and 2, all right.

1           Obviously, somebody had to make a decision as to  
2   what was to be studied and what was not. So can you answer  
3   to me why were group 3 offices outside of scope of the  
4   study?

5           THE WITNESS: That decision was made over a period  
6   of meetings with a number of people reviewing the form, and  
7   I don't have a specific answer for that.

8           COMMISSIONER LE BLANC: Do you know who --

9           THE WITNESS: There's no one -- it was a committee  
10   group that finally decided or <sup>approved</sup>~~proved~~, at least, the form and  
11   --

12          COMMISSIONER LE BLANC: So, then, you would not  
13   know the answer to a question -- put it this way. Would  
14   surveying these group offices to have enabled the Postal  
15   Service to isolate the cost associated with group 3 offices  
16   been beneficial?

17          THE WITNESS: We would have been able to estimate  
18   or to allocate the cost of those. Whether that would be  
19   beneficial or not, I don't know.

20          COMMISSIONER LE BLANC: Why is it appropriate to  
21   allocate the cost of free boxes to the boxes for which a fee  
22   is charged?

23          THE WITNESS: Well, that's basically the position  
24   that the Postal Service has been using for a number of  
25   years. They only charge \$2 where the cost is much higher

1       than that. So we're following the same policy.

2               It is somewhat arbitrary, but wherever you assign  
3       them, it's going to be a matter of judgment or decision.

4               COMMISSIONER LE BLANC: Thank you, Commissioner  
5       Quick.

6               PRESIDING OFFICER QUICK: Mr. Chairman?

7               CHAIRMAN GLEIMAN: Yes. Perhaps you can help me  
8       prepare for the next witness a bit. Witness Needham's  
9       prepared testimony at page 20, line 4, it has the following  
10      statement. "Second, many large customers have low-priced  
11      box alternatives. Witness Lion's results show that CMRAs  
12      often charge less than the Postal Service for their largest  
13      boxes."

14              I know I'm being obtuse, but I can't seem to find  
15      where it is that you show that CMRAs are charging less than  
16      the Postal Service.

17              THE WITNESS: If you look, I believe, at Figures 1  
18      through 6, there are a few instances in the high-priced  
19      boxes in which --

20              COMMISSIONER LE BLANC: I'm sorry. Where are you  
21      looking, sir?

22              THE WITNESS: Pages 25, 26, and 27. There are  
23      instances of lower fees, and that, of course, is only  
24      comparing it to the box size 3.

25              CHAIRMAN GLEIMAN: But there are instance -- I

1 mean, do you characterize the graphs on those pages to say  
2 that this is often the case that CMRAs often charge less  
3 than Postal Service customers for their largest boxes? I  
4 mean, I know it's a subjective term. Often, it's not  
5 quantified, but often means more than occasionally, more  
6 than a few.

7 THE WITNESS: Again, we are comparing them only to  
8 one box size. So, if I put the box size 4 graph on there,  
9 it would be even more, even box size 5. If I put them on  
10 there, there would be even more instances.

11 CHAIRMAN GLEIMAN: Do you have a sense of --  
12 again, help me a bit here -- in which instances, which of  
13 the CMRAs that were surveyed you find this situation to  
14 exist? Are they the ones that are --

15 THE WITNESS: I can't tell you offhand which ones  
16 are less expensive.

17 MR. HOLLIES: At the risk of interjecting,  
18 inappropriately, I might add that Table 11 of his testimony  
19 on page 22 may assist your exchange.

20 CHAIRMAN GLEIMAN: Yes. I've looked at that. It  
21 doesn't assist a whole lot, but then again, as I said, I'm  
22 sure I'm being rather obtuse about this.

23 Well, I appreciate your help that you have given  
24 me with your figures. Thank you.

25 PRESIDING OFFICER QUICK: Any participant have

1 follow-up cross examination as a result of the questions  
2 from the bench?

3 [No response.]

4 PRESIDING OFFICER QUICK: If not, that brings us  
5 to redirect. Mr. Hollies, would you like an opportunity to  
6 consult with your witness?

7 MR. HOLLIES: Yes, and I think a mere five minutes  
8 would suffice.

9 PRESIDING OFFICER QUICK: All right. Five minutes  
10 it will be.

11 [Recess.]

12 PRESIDING OFFICER QUICK: Mr. Hollies?

13 MR. HOLLIES: I do have one follow-up question.

14 REDIRECT EXAMINATION

15 BY MR. HOLLIES:

16 Q You were asked by the OCA regarding the accuracy  
17 of your account of caller number customers.

18 Are you confident in that number?

19 A Yes, I am, because it is in line with the other  
20 numbers, our other studies of that number.

21 My response was that an editor cannot distinguish  
22 a numerical error made by the respondent.

23 MR. HOLLIES: I have no further questions.

24 PRESIDING OFFICER QUICK: Did the redirect  
25 generate any further recross examination?

1 MR. RUDERMAN: No.

2 PRESIDING OFFICER QUICK: All right. Thank you,  
3 Mr. Lion. We appreciate your contribution to the record.  
4 If there is nothing further, you may be excused.

5 THE WITNESS: Thank you.

6 [Witness excused.]

7 MR. HOLLIES: Mr. Presiding Officer, I wish to  
8 raise a procedural matter at this time merely because it may  
9 make us all more efficient.

10 There was some discussion earlier today regarding  
11 an interrogatory set outstanding from Mr. Popkin. This was  
12 a set directed in this instance to Witness Landwehr.

13 It appeared to our perspective that substantially  
14 all of those questions including some of the ones that might  
15 otherwise have been objectionable were posed by Mr. Popkin,  
16 and I am interested in verifying that those answers are  
17 sufficient and that he no longer expects written answers to  
18 the interrogatories.

19 PRESIDING OFFICER QUICK: Mr. Popkin?

20 MR. POPKIN: Until I would have a chance to look  
21 at the testimony and determine exactly what was said and how  
22 it relates to them, I would not be able to respond to that.

23 MR. HOLLIES: In which case we would like to lodge  
24 our objection, our formal objection at this point.

25 A good deal of what he asked in the original set

1 is not proper follow-up. He is now seeking an opportunity  
2 to conduct further follow-up after the hearing, after the  
3 appearance of the witness and that is traditionally a  
4 significant demarcation point in Commission practice and  
5 that as a general matter only under exceptional  
6 circumstances would a witness be compelled to answer further  
7 written interrogatories or in a worst case be called back to  
8 the stand.

9 PRESIDING OFFICER QUICK: Well, we will take your  
10 comments under consideration, Mr. Hollies. I will proceed  
11 now with the next witness.

12 Will you call your next witness, please.

13 Oh, Mr. Rubin, I'm sorry -- you are up next.

14 MR. RUBIN: The Postal Service calls Susan W.  
15 Needham as its next witness.

16 Whereupon,

17 SUSAN W. NEEDHAM,  
18 a witness, was called for examination by counsel for the  
19 Postal Service, and having been first duly sworn, was  
20 examined and testified as follows:

21 DIRECT EXAMINATION

22 BY MR. RUBIN:

23 Q Ms. Needham, do you have before you two copies of  
24 a document designated as USPS-T-7, entitled "Direct  
25 Testimony of Susan W. Needham on behalf of United States



1 Postal Service?

2 A Yes, I do.

3 Q And does this testimony include the minor  
4 revisions that were filed on September 4th?

5 A Yes, they do.

6 Q And was this testimony prepared by you or under  
7 your supervision?

8 A Yes.

9 Q And if you were to testify orally here today,  
10 would this be your testimony?

11 A Yes, it would.

12 Q Based on that, I will bring the two copies of the  
13 direct testimony of Susan W. Needham on behalf of United  
14 States Postal Service to the Reporter and I ask that it be  
15 entered into evidence in this docket.

16 PRESIDING OFFICER QUICK: Are there any  
17 objections?

18 [No response.]

19 PRESIDING OFFICER QUICK: Hearing none, the  
20 testimony and exhibits are received into evidence. <sup>is</sup> As<sup>is</sup> our  
21 practice, they will not be transcribed.

22 [Exhibit No. USPS-T-7 was Marked  
23 for identification and received  
24 into evidence.]

25 PRESIDING OFFICER QUICK: Ms. Needham, have you

1 had an opportunity to examine the packet of designated  
2 written cross examination that was made available to you  
3 earlier this morning?

4 THE WITNESS: Yes, I have.

5 MR. RUBIN: I would like to --

6 PRESIDING OFFICER QUICK: Mr. Rubin?

7 MR. RUBIN: -- make a comment. There are three  
8 pages in each set were changed and inserted in the packages.  
9 They were all changes in the question, not the answer.

10 Mr. Carlson pointed out a couple of them.

11 In the Question T-7-9B, the word "box" was  
12 inserted after "post office" in part B, the first line.

13 On T-7-10 -- these are all DFC-T-7-10 -- the first  
14 page, the third line, the word "mail" was corrected to  
15 "main".

16 On the second page of DFC-T-7-10, the heading was  
17 corrected. It had stated DFC-T-7-4. It should be T-7-10.

18 PRESIDING OFFICER QUICK: And these have been  
19 changed in the two copies that you will be submitting for  
20 the record? Is that correct?

21 MR. RUBIN: Correct.

22 PRESIDING OFFICER QUICK: If these questions as  
23 corrected were asked of you today, would your answers be the  
24 same as you previously provided in writing?

25 THE WITNESS: Yes, they would.

1               PRESIDING OFFICER QUICK: Two copies of the  
2 corrected designated written cross examination of Witness  
3 Needham will be given to the Reporter and I direct that it  
4 be accepted into evidence and transcribed into the record at  
5 this point.

6                               [The Designated Written Cross-  
7 Examination of Susan W. Needham was  
8 received into evidence and  
9 transcribed into the record.]

10  
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POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Special Services Fees and Classifications

Docket No. MC96-3

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE WITNESS  
SUSAN W. NEEDHAM  
(USPS-T-7)

The following discovery responses have been designated as written cross-examination.

Asking Party

Answers To Interrogatories

David B. Popkin

T7-1-3.

Douglas F. Carlson

T7-1-14.

National Association of Postmasters  
of the United States

T1-4 redirected from witness  
Lyons; and T2-1-2 redirected  
from witness Steidtmann.

Office of the Consumer Advocate

T7-1, 2(b) 3-12, 14-16, 18-43;  
T1-1-11, 23-24 redirected from  
witness Lyons; and T5-25  
redirected from witness  
Patelunas.

Respectfully submitted,

A handwritten signature in black ink, reading "Margaret P. Crenshaw". The signature is written in a cursive style with a large, stylized initial "M".

Margaret P. Crenshaw  
Secretary

DBP/USPS-T7-1. With respect to the determination of whether I would be subject to the non-resident post office box fee, advise whether each of the following would require it: [a] I live in a large city such as New York City and the building that I live in has its own unique 5-digit ZIP Code and therefore would not match any box section available [b] also in a large city where there is no box section utilized in the postal facility corresponding to my ZIP Code [c] a firm has its own unique 5-digit or even 3-digit ZIP Code and therefore will not match any post office box section [d] I want to obtain a personal box at the post office that corresponds to my business location [e] if the box section has a different ZIP Code than the delivery area [for example, Paramus, NJ 07652 delivery vs. 07653 box section] [f] if I reside or establish a business at a temporary location. [g] if I reside within the corporate limits of a municipality which is served by delivery from another office [h] if I reside in an area within the corporate limits of a municipality having a postal facility and I am not eligible to obtain city or rural delivery [i] same as h except there is no postal facility.

RESPONSE:

Your question concerns the details of how residents and non-residents would be defined with respect to application of the non-resident fee. These are issues that would be determined during the implementation process, which, I understand, would consider comments from interested parties. I do not expect that the Postal Service intends to define resident in a very limited way. For example, it is unlikely that the customer in [e] would face a nonresident fee. See also my response to NAPUS/USPS-T2-1.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF DAVID B. POPKIN 645

DBP/USPS-T7-2. Is an individual who lives in a house which is eligible to receive city or rural delivery by a carrier operating out of a given post office eligible to obtain box service without paying the non-resident fee at any other postal facility other than the given post office? If so, explain. If carriers operate out of several postal facilities all having the same 5-digit ZIP Code, may the resident fee be paid at any of these facilities regardless of one from which the specific carrier operates? Witness Landwehr refers to the San Luis AZ post office which has not city or rural delivery service. He also states that a large proportion of box holders do not reside in the San Luis service area. What is the service area for a post office that does not have any delivery service such as San Luis?

RESPONSE:

See my response to T7-1. There is no specific postal definition of the service area of a non-delivery office like San Luis. This does not mean the concept is meaningless, however, as the San Luis postmaster appears to have an understanding of it. See witness Landwehr's response to interrogatory DFC/USPS-T3-3. Moreover, retail customers for non-delivery offices are often drawn from the local area. The concept of service area is likely to be defined more during the implementation process.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF DAVID B. POPKIN 646

DBP/USPS-T7-3. [a] Explain the rationale behind the non-resident post office box fee with respect to not being considered discriminatory. [b] Have there been any plans or discussions to establish other fees or surcharges with respect to other classes of users to obtain the same service such as has been done with the non-resident post office box fee [this could include-but not be limited to- charging extra for non-residents to purchase stamps at the post office, charging a surcharge for small mailers to mail single letters vs. large mailers sending the same single letter, charging extra for earlier delivery of mail on a give carrier route]? [c] If so, provide complete details and status.

RESPONSE:

- a) Please see my testimony, USPS-T-7, pages 25-28; page 29, lines 15-21; page 30, lines 1-4; page 33, lines 15-21; page 37, lines 13-17; and page 41, lines 15-21, where I discuss the rationale behind the proposed non-resident fee, and explain the distinction between residents and non-residents.
- b) Not to my knowledge.
- c) Not applicable.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-1. On page 7, lines 13-14, you stated, "In some offices, customers have convenient 24-hour access to their boxes."

- a) Do you confirm that hours of access may affect a customer's decision as to where to obtain post-office-box service? If not, please explain the basis for your contention.
- b) Do you confirm that a customer may value access to his post-office box 24 hours a day, 7 days a week higher than access between, for example, 6:00 AM and 6:00 PM, Monday through Saturday?

RESPONSE:

- a) I can confirm that hours of box access is one of many factors that may affect a customer's decision as to where to obtain post office box service.
- b) Confirmed.



RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-2. If the nonresident fee is approved, does the Postal Service plan to standardize the hours at all post offices during which customers have access to their post-office boxes?

RESPONSE:

No, not to my knowledge.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-3. On page 25, lines 1-3, you stated that "The proposed \$18.00 semi-annual fee for nonresidents would be applied in all offices, and would reflect the added value of service non-residential box customers receive." Suppose two customers, A and B, live one block from each other in City X. A and B have different five-digit ZIP Codes. The post office serving A's five-digit ZIP Code allows access to the post-office boxes between 8:00 AM and 6:00 PM Monday through Saturday; the box lobby at A's post-office is closed on Sunday. The post office serving B's five-digit ZIP Code provides access to the boxes 24 hours a day, 7 days a week. Both A and B work in another city and do not arrive home from work until 7:00 PM. (A and B leave for work in the morning before mail is distributed to the boxes.) Neither A nor B would rent a box at a semiannual rate of \$20 at the post office serving A's part of the city because the post office would be closed by 7:00 PM. Both A and B would rent a box for the semiannual rate of \$20 at the post office serving B's area.

- a) Do you confirm that the situation described above could exist?
- b) According to 39 U.S.C. § 3622(b), postal rates and fees must be fair and equitable. Please explain why a rate schedule that charged A, but not B, an \$18 nonresidential fee would be fair and equitable.
- c) According to 39 U.S. § 3622(a), the Postal Service may request a recommended decision from the Postal Rate Commission on changes in fees if the Postal Service determines that such changes would be in the public interest. Please explain how the Postal Service determined that a rate schedule that charged A, but not B, an \$18 nonresident fee would be in the public interest.
- d) Do you confirm that A would be required to pay an \$18 nonresident fee to obtain 24-hour access to his post-office box due to a condition--box lobby hours--within the control of the Postal Service?
- e) Please explain why \$18, and not some other amount, reflects the added value to A of having a box at the post office serving B's area.
- f) In your response to OCA/USPS-T7-5(b), you stated that three dollars per month is a "reasonable" fee to pay for the "value associated with box service at an office of the customer's choosing." Response to Interrogatories OCA/USPS-T7-5(b). Please explain why three dollars per month would be a reasonable fee to charge A given that B, who lives one block away from A, would pay no extra monthly charge.

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- g) Is it possible that a box at A's local post office would be worth only a semiannual fee of \$15 to him because he would not be able to pick up his mail until the following day?
- h) If your answer to (g) is yes, is it possible that a box at the post office serving B's area is worth \$20 to A?
- i) If your answers to (g) and (h) are yes, would the added value to A of nonresident box service be \$5, not \$18?

RESPONSE:

- a) Confirmed.

b and c) Please see my testimony at page 41, lines 15-21, where I discuss the fairness and equity of a non-resident fee. In designing fees one must rely on group distinctions and averaging. I do not believe fairness and equity, and the public interest, can be determined on an individual-by-individual basis. I do believe that ZIP Codes, like ounce and pound increments, can be used fairly and equitably to distinguish among groups of customers.

- d) No. The details of how the non-resident fee would apply will be determined during the implementation process. I can confirm that there could be situations in which customers would choose to pay the non-resident fee to obtain 24-hour access to a post office box.

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DFC/USPS-T7-3  
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- e) Please see my responses to OCA/USPS-T7-5 (b) and (c). I do not claim that the \$18 fee will reflect the exact amount of added value for every customer.
- f) For a \$3 per month non-resident fee, A would be able to choose post office box service at an office which may offer additional value to A over his/her local post office. When dealing with boundaries, whether they be school boundaries, cable television service boundaries, or ZIP Code area boundaries, it is important to remember that there will always be a cut-off point, and there will always be an A next door or across the street who will be in a different area from B.
- g) Yes.
- h) Yes, one can define any hypothetical. Thus, A might find the box serving B's area is worth \$40 to him.
- i) I agree that  $\$20 - \$15 = \$5$ . By the same token, A might value the non-resident box service by more than an additional \$18.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-4. In your testimony, you implied that the nonresident fee would make more boxes available for residents and that the Postal Service would view this outcome favorably. See, e.g., USPS-T-7 at p. 25.

- a) Excluding general delivery, do you confirm that a resident, as defined for this case, who wishes to receive mail delivery in City R, which provides city carrier delivery, has two choices about how to receive mail directly from the Postal Service: (1) Receive mail at his residence address in City R; and (2) Obtain a post-office box at the post office in City R?
- b) Excluding general delivery, do you confirm that a nonresident, as defined for this case, who wishes to receive mail delivery in City R has available to him only a post-office box (Choice (2) in (a) above)?
- c) Please explain why the Postal Service is more concerned that the customer in (a) be able to obtain a box in City R in a timely fashion than the customer in (b).

RESPONSE:

- a) Not confirmed. The customer might be able to receive mail at his business, or at the address of someone who will act as his agent.
- b) Not confirmed. See my response to a).
- c) The Postal Service is not more concerned about a resident customer obtaining box service in a timely fashion over a nonresident customer. Under the Postal Services's proposal, those nonresidents willing to pay an additional fee for the value (to them) of having box service other than in

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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DFC/USPS-T7-4  
Page 2 of 2

c) *(continued)*

their local post office would still be able to receive box service. For those non-resident customers choosing another alternative, boxes would become available to those customers wanting box service, whether they are residents or non-residents.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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DFC/USPS-T7-5. In Section IX, you introduced newspaper articles as evidence of the "high value of service from, and the demand for, post-office-box service." USPS-T-7 at p. 25, lines 19-20.

- a) Do you confirm that post offices in towns and cities with vanity addresses experience a demand for boxes by nonresidents that is atypically higher than the general pattern of demand for boxes by nonresidents that the entire pool of post offices in the country experiences? If not, please explain and provide available data.
- b) If your answer to (a) is yes, for typical, non-vanity post offices do you confirm that factors other than prestige of the address may be most significant for nonresidents who obtain box service at other than their local post office?

RESPONSE:

- a) I am unable to confirm because the demand for boxes by non-residents in United States border towns may be even higher than the demand in vanity address areas. Additionally, I am not aware of all non-vanity, non-border cities and towns that, for whatever reasons, may have atypically higher demands for box service by non-residents.
- b) Not applicable. Moreover, I do not have the information to confirm.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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DFC/USPS-T7-6. In your response to OCA/USPS-T7-5(b), you stated that the \$18 nonresident fee "was not determined based on costs." Response to Interrogatories OCA/USPS-T7-5(a). Please explain how the \$18 nonresident fee meets the requirement of 39 U.S.C. § 3622(b) that each type of mail service bear the direct and indirect postal costs attributable to that service plus that portion of all other costs that are reasonably assignable to that service.

RESPONSE:

When developing fees it is important to address the criteria of Section 3622 (b) of Title 39, United States Code, to the greatest extent possible. Therefore, although the proposed non-resident fee was not determined based on costs, the fact that this type of fee was developed fortifies the Postal Service's commitment to addressing Criterion 3. Specifically, the Postal Service has determined that non-resident boxholders are more apt to present costlier situations than ~~non-~~<sup>9</sup> residents. (See USPS-T-3.) The proposed non-resident fee is geared at reacting to these costlier situations by moving to recover these costs.

In addition, the non-resident fee would help increase the cost coverage for post office box service from 100 percent to 128 percent. The non-resident fee thus would directly help the post office box service to bear its direct and indirect postal costs and make a contribution to institutional costs.



RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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DFC/USPS-T7-7. In your response to OCA/USPS-T7-5(c), you stated that you rejected a semiannual nonresident fee lower than \$18 (\$3 per month) because the lower fee was not divisible by six in a whole dollar amount. Response to Interrogatories OCA/USPS-T7-5(c). Why did you not consider a monthly fee of \$2 or \$1.

RESPONSE:

I did not consider monthly fees of \$1 or \$2 because neither of these amounts seemed sufficient. I feel \$3 per month, or approximately 10 cents per day, is a reasonable fee for the added value for non-residents.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-8. In your response to OCA/USPS-T7-5(d), you implied that a nonresident fee would "alleviate the problems caused by nonresident box customers." Response to Interrogatories OCA/USPS-T7-5(d).

- a) Please explain how the fee would alleviate the problems, given that the fee is not based on costs (see Response to Interrogatories OCA/USPS-T7-5(a)).
- b) In your testimony, you suggested that the nonresident fee would likely cause nonresidents to give up their boxes. USPS-T-7, p. 25, lines 5-6. Earlier, you stated that the fee would reflect the added value of service nonresidential box customers receive. USPS-T-7, page 25, lines 2-3. If the \$18 nonresident fee truly reflected--and did not exceed--the added value of the nonresident service to the nonresident boxholder, why would you expect these boxholders to give up their boxes?

RESPONSE:

- a) Please see my response to DFC/USPS-T7-6. Non-resident boxholders choosing to pay the proposed non-resident fee would help offset the unique cost burden they create, and would provide additional revenue for box expansion, if applicable.
- b) Please see my response to DFC/USPS-T7-3(e), where I state that no fee can reflect the exact amount of added value for every customer. It is anticipated that, even though the Postal Service views the non-resident fee proposal as reasonable, some non-resident boxholders will seek alternatives to box service as opposed to paying the fee.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-9. On page 37, lines 21-22, you stated that some video rental stores within a chain charge a fee when customers rent a video at one store and return it to another store.

- a) Is it possible that the stores charge this fee to recover the cost of transporting videos back to the original store or correcting a resulting imbalance in inventory?
- b) Please confirm that a letter delivered to a post office box in City X for a customer who lives in City Y is not also delivered in City Y or otherwise transported to City Y after delivery in City X.

RESPONSE:

- a) Yes, it is possible that the fee is charged for transportation or correcting an imbalance in inventory. Similar to the non-resident fee proposal, however, the video store is providing a convenience to the customer.
- b) Not confirmed. The mail might require forwarding by the Postal Service, or might be transported to City Y by the recipient after delivery in City X.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-10. On page 38, lines 2-4, you stated that many ATM customers will pay a transaction fee "if they use their ATM card at a bank other than their own bank or branch of their main bank."

- a) Please cite an example of a bank that charges a customer an extra fee for using an ATM that is owned and operated by that same bank but located at a branch other than the branch where the customer's account is located.
- b) Do you confirm that a large majority of the ATM charges you described in lines 2-4 occur when customers of one bank use the ATM of another bank?
- c) Might the charges described in (b) reflect the cost of the second bank's involvement in the transaction?
- d) Please confirm that a letter delivered to a post-office box in City X for a customer who lives in City Y does not involve the postal services of an agency other than the Postal Service.

RESPONSE:

- a) My bank, First Virginia Bank, not only charges a fee for using an ATM that is owned and operated by First Virginia and located at a branch other than the branch where the customer's account is located, but also charges a fee for using the ATM at the branch where the account is located.
- b) Not confirmed. I have not conducted any studies on this.
- c) Perhaps. However, I think it is useful to note here that many banks nationwide are charging a fee at their ATMs even if the customer's own bank

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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DFC/USPS-T7-<sup>10</sup>~~A~~  
Page 2 of 2

c) (continued)

is not charging the customer a fee for using that ATM. Many ATM machines now have a screen that pops up before a transaction is completed which alerts the customer that they will be charged a fee by that bank for the transaction, regardless of whether or not the customer's own bank will charge a fee for the transaction. Moreover, I do not believe that recent sharp increases in ATM fees reflect any significant increases in costs of bank involvement in the transaction. Rather, these increases might better reflect the demand for ATM service.

d) The letter may undergo further "postal services" after delivery by the Postal Service.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-11. On page 38, lines 8-14, you stated that local county governments in Northern Virginia charge nonresident fees for nonresidents who use county recreational facilities.

- a) Are these county recreational programs in any way subsidized by taxes paid by county residents?
- b) Do residents who live in the five-digit service area of a post office contribute tax dollars that subsidize the operation of their local post office?

RESPONSE:

- a) I do not know, but that would not be surprising.
- b) The Postal Service does not receive any tax subsidies for post office operations.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-12. On page 37, lines 15-17, you stated that nonresident box patrons can take advantage of many opportunities for "increased prestige, business, and convenience, as reflected in their choice of an address other than where they reside or have their business."

- a) Please state the percentage of nonresident boxholders who choose to have a nonresident box for either prestige or business reasons.
- b) Please explain why it is fair to charge a nonresident fee for customers who choose to have a nonresident box solely for convenience reasons when they perceive their local post office as comparatively less convenient because of factors within the discretion and control of the Postal Service--e.g., lobby hours and speed of window service.

RESPONSE:

- a) Prestige or business reasons for non-resident box service vary by individual.

What may not be a prestigious or good business address for one individual may be very prestigious or a good business address to another individual.

Therefore, no information exists on the percentage of non-resident boxholders who choose to have a non-resident box for either prestige or business reasons.

- b) The fact is all postal facilities are not the same, and neither are customer needs with respect to box service. The Postal Service believes it is fair to charge a non-resident fee for those individuals who choose box service outside of their local area, to reflect the value of service for these customers, and because it has been observed that these customers can be more costly to serve. See the testimony of witness Landwehr, USPS-T-3.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-13. Suppose that a person lives in City X but obtains a driver's license using the street address of a CMRA located in the five-digit ZIP Code service area of Post Office Y. (Suppose, for example, that his driver's license lists his CMRA address as 2500 Main Street, Apartment 100.) This customer then applies for a post-office box at Post Office Y and shows his driver's license as proof of local residence.

- a) Please confirm that this customer is, according to the definition for this rate case, a nonresident.
- b) If you confirm in (a), how would the Postal Service identify that this customer is not, in fact, a resident and assess the proper \$18 nonresident fee?

RESPONSE:

- a) That could be, although the details of residency will be determined during the implementation process.
- b) Postal employees might know that the address on the driver's license was that of a CMRA, and reject the license as proof of residency. In other cases, the customer might not be charged a non-resident fee. The Postal Service realizes that there will be individuals representing themselves as residents, when in fact they are really non-residents by definition. To obtain "proof" of residency, however, may end up being more costly for non-residents than the proposed non-resident fee. As witness Lion makes clear, USPS-T-4, a CMRA address can be quite costly.



RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T7-14. Please explain how a nonresident fee that is assessed against nonresident customers who obtain a post-office box at a post office that does not suffer from a shortage of boxes meets the 39 U.S.C. § 3622(a) "public interest" requirement.

RESPONSE:

It is in the "public interest" that fees reflect the value of service for non-residents, and contribute to the more costly situations associated with non-residents. See my testimony at pages 25, 33, 37, and 41.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE NATIONAL ASSOCIATION OF POSTMASTERS  
OF THE UNITED STATES  
(REDIRECTED FROM WITNESS LYONS)

NAPUS/USPS-T1-4. If box rents are increased at the rate proposed in MC96-3, what is the average percentage increase in box rents which a boxholder would have seen since 1990? Please confirm that your average includes the increases resulting from R90, R94 and the 1995 Reclassification proceeding.

RESPONSE:

The average percentage increase in box fees (including caller service fees) from 1990 through the proposal in Docket No. MC96-3 is 68 percent. This includes the increases resulting from Dockets No. R90-1 and R94-1; Docket No. MC95-1 did not increase fees.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF NATIONAL ASSOCIATION OF POSTMASTER OF THE UNITED STATES<sup>666</sup>  
(REDIRECTED FROM WITNESS STEIDTMANN)**

**NAPUS-T2-1.** Please refer to your testimony at page 4. How will the Postal Service define "resident"?

- a) Does a person who rents but does not own property qualify?
- b) Do snowbirds who live in the North during the summer but have a winter home in the South or Southwest "reside" in one or both communities?
- c) What is the residence status of individuals who spend some period of time annually at a resort or time share community?

**RESPONSE:**

A detailed definition of "resident" will be determined as part of the implementation process. However, I expect that the implementation of a non-resident fee would be consistent with the following answers.

- a) Renters would qualify to the same extent as owners.
- b) Customers, including "snowbirds", might have more than one residence, but implementing regulations would determine whether a particular "snowbird" qualifies as a resident in two places.
- c) Vacationers, whether at resorts, time-share communities, or hotels, are rarely in residence long enough or continually over time to be interested in box service. They typically receive mail as part of a single centralized delivery to the host facility, which then sorts the mail to its occupants. If necessary, implementing regulations may provide further guidance on the residence status of such individuals.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE NATIONAL ASSOCIATION OF POSTMASTERS  
OF THE UNITED STATES  
(REDIRECTED FROM WITNESS STEIDTMANN)

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NAPUS/USPS-T2-2. Please list all documents which would be acceptable proof of resident? Would the postmaster be required to copy or otherwise document that he or she had been shown proof of residence?

RESPONSE:

Please see my testimony USPS-T-7, page 24, lines 2-11, which gives examples of acceptable proof of residency. There are probably other verifiable proofs of residency that I have not listed that may be unique to a community, town, state, or region of the country. Therefore, I cannot list all documents which would be acceptable proof of residency. The requirements for postal employees when considering proof of residency will be determined as part of the implementation process.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-1. Refer to Table 1 on pages 3 and 4, and USPS-T-22,  
Exhibit 22-B (revised 11/21/90) from Docket No. R90-1.

- a. Please confirm that the cities listed in Exhibit 22-B for Category A and B level post office box charges ("surcharges") are the same cities that will be in the proposed fee Groups A and B. If you cannot confirm, please provide a list of cities in proposed fee Groups A and B.
- b. Please confirm that the ZIP Codes by city listed in Exhibit 22-B for Category A and B level fees ("surcharges") are the same ZIP Codes by city that will be in the proposed fee Groups A and B. If you cannot confirm, please provide a list of ZIP Codes by city for proposed fee Groups A and B.

RESPONSE:

- a. Confirmed.
- b. Technical corrections to the list of ZIP Codes in Exhibit 22-B were made in 1992 so that, for example, the list included box section ZIP Codes rather than carrier delivery only ZIP Codes. DMM §910.4.3 (attached) provides a list of the current ZIP Codes for subgroups IA and IB, which are the same ZIP Codes as those for proposed Groups A and B.



**Box Size** Fees are generally related to box size, determined by the following cubic-inch capacities:

4.2

Box Size	Capacity
1 .....	Under 296 cubic inches
2 .....	296 through 499 cubic inches
3 .....	500 through 999 cubic inches
4 .....	1,000 through 1,999 cubic inches
5 .....	2,000 or more cubic inches

**Group 1**

4.3

Group 1 fees:

- Apply to customers at all facilities of a city delivery post office who are eligible for any kind of delivery by postal carrier. A customer ineligible for any kind of delivery by postal carrier may use one box at Group 2 fees. (Delivery to additional boxes may be obtained at the applicable Group 1 fee.)
- All customers who receive mail at a mail processing facility that is not under the administration of a post office must pay Group 1 fees.
- Are for a semiannual (6-month) period; one or two periods may be paid at the same time.
- Are divided into three categories as shown in Exhibit 4.3. The customer must pay the category of Group 1 fee corresponding to the post office where the box is located.

**P.O. Box  
Service  
Categories**  
Exhibit 4.3

Category	Post Office	ZIP Codes
1A	New York, NY	10001-10299
1B	Staten Island, NY	10301-10399
	Boston, MA	02113, 02115, 02117, 02128, 02134, 02135, 02139, 02140, 02142, 02146, 02158-02162, 02164-02168, 02178, 02179, 02181, 02205, 02214-02216, 02218, 02238
	Long Island City, NY	11101-11199
	Brooklyn, NY	11201-11299
	Queens (Flushing), NY	11301-11399
	Queens (Jamaica), NY	11401-11499
	Queens (Far Rockaway), NY	11601-11699
	Philadelphia, PA	19101-19104, 19105, 19107
	Washington, DC	20004-20009, 20013, 20026, 20033, 20035, 20036, 20037, 20038, 20043, 20044, 20050, 20056
	Bethesda, MD	20813, 20824, 20825, 20827
	Arlington, VA	22202, 22209, 22210, 22216
	McLean, VA	22103
	Chicago, IL	60606, 60610, 60611, 60654, 60664, 60680-60681, 60684, 60690
	Los Angeles, CA	90019, 90024, 90025, 90034, 90035, 90048, 90049, 90064, 90067, 90069
	Beverly Hills, CA	90210-90212
	Santa Monica, CA	90401-90405
	San Francisco, CA	94101, 94107, 94108, 94126, 94133, 94147, 94159, 94164
	Honolulu, HI	96801-96815, 96830
1C	All post offices that have city delivery by USPS carrier and are not listed in Group 1A or 1B.	

**Group 2**

4.4

Group 2 fees apply to customers at non-city delivery (NCD) offices. Group 2 fees for box sizes 3, 4, and 5 are for a semiannual (6-month) period. One or two periods may be paid at the same time for these sizes. Group 2 fees for box sizes 1 and 2 are for an annual period and may be paid for one period only.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-2. Refer to Table 1 on pages 3 and 4.

- a. Please provide a list of ZIP Codes by state for proposed Group E post offices for which **no** city or rural delivery service is available and customers will "pay" proposed Group E fees of \$0.00.
- b. Please provide a list of ZIP Codes by state for proposed Group E post offices for which city or rural delivery service **is** available and customers will pay proposed Group D fees.

RESPONSE:

- a. Redirected to witness Lion.
- b. There are no such ZIP Codes. By definition, proposed group E post offices would have neither city nor rural delivery.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-3. Refer to pages 21 and 22 concerning "nondelivery" offices.

- a. What are the proposed box fees for residential and business customers domiciled within a Group E service area that are **not** eligible for any kind of delivery service who seek box service at another Group E post office?
- b. What are the proposed box fees for residential and business customers domiciled within a Group E service area that are **not** eligible for any kind of delivery service who seek box service at a Group D post office? Do such customers who seek box service at a Group D post office pay the Group D box fees, or the \$0.00 Group E box fees?
- c. Does the proposed non-resident fee apply to such customers?

RESPONSE:

- a. If there are no available boxes at their service area post office, Group E box customers are eligible to secure one box at another Group E post office for the proposed \$0.00 fee. If, however, there are available boxes at their service area post office, under my proposal Group E box customers seeking box service at another Group E post office would pay the proposed non-resident fee only.



RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-3  
Page 2 of 2

- b.& c. The proposed box fees for Group E domiciled customers seeking box service at a Group D post office would be the proposed Group D fees for the appropriate size box, plus the non-resident fee.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-4. Refer to page 24 concerning the applicability of the "non-resident" fee.

- a. Does the proposed non-resident fee apply to customers of caller service?
- b. If you answer in the affirmative, does it apply on the same basis as the non-resident fee for box service customers?
- c. If it does not apply, please explain.

RESPONSE:

- a. No. See USPS-T-7, page 6, Table II footnote.
- b. Not applicable.
- c. As mentioned on page 37 of my testimony (USPS-T-7), caller service generally does not require permanently dedicated space as do post office boxes. Consequently, non-resident caller service customers do not reduce the availability of caller service for residents. On the other hand, non-resident box service customers might force residents of that post office's service area to seek box service elsewhere. Consequently, the non-resident fee would not apply to caller service customers.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-5. Refer to page 25, lines 1 - 3, of your testimony where it states: "The proposed \$18.00 semi-annual fee for non residents would be applied in all offices, and would reflect the added value of service non-residential box customers receive."

- a. Please identify what, if any, costs of providing box service for non-residents are the basis of the proposed \$18.00 semi-annual non-resident fee.
- b. Please explain the considerations that caused you to choose an \$18.00 semi-annual, non-resident fee, rather than some other amount.
- c. In choosing the \$18.00 semi-annual, non-resident fee, did you reject higher or lower non-resident fees? If yes, please explain what considerations caused you to reject the higher or lower fees.
- d. What alternatives to imposing a semi-annual, non-resident fee did you consider to alleviate the problems caused by non-resident post office box holders? Please explain.

RESPONSE:

- a) While the \$18.00 fee was not determined based on costs, witness Landwehr discusses the additional workload that can result from providing box service to non-residents. USPS-T-3 at 4-5, 7-8, 9-10.
- b) I chose to propose the \$18.00 semi-annual fee because when broken down to a monthly fee, three dollars is a reasonable fee to pay for the value associated with box service at an office of the customer's choosing. If a customer discontinues box service during the service period and is due a box fee refund, the \$3.00 additional monthly fee for non-residents would be administratively easy to refund.

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- c) In choosing the \$18.00 semi-annual non-resident fee, I rejected one higher fee and one lower fee. I determined \$3.00 a month was a fair fee for the value and there was no reason why it should be higher. The lower fee I considered was not divisible by six in a whole dollar amount, and therefore I decided it would be administratively burdensome with respect to refunds when box service is terminated before the period has expired.
- d) I could not identify any meaningful alternatives to a non-resident fee that would reflect the value of non-resident box service, and alleviate the problems caused by non-resident box service customers.

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OCA/USPS-T7-6. Refer to page 24, lines 13 - 19, or your testimony concerning the applicability of the non-resident fee.

- a. Does the proposed non-resident fee apply to customers who seek post office box service at offices outside their 5-digit ZIP Code delivery area because of circumstances within the control of the Postal Service, i.e., inconvenient hours of access to boxes, inadequate parking, etc.?
- b. Does the proposed non-resident fee apply to customers who seek post office box service at offices outside their 5-digit ZIP Code delivery area because of concern for safety related to the location [sic] their post office?

RESPONSE:

- a) Yes.
- b) Yes.

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OCA/USPS-T7-9. Refer to page 23, lines 13-18, concerning non-resident boxholders. Other than the survey described in the testimony of witness Ellard, has the Postal Service interviewed non-resident boxholders to determine why they rent boxes outside of their 5-digit ZIP Code area? To the extent information gathered from these interviews has not already been supplied, is not voluminous, or is not burdensome to produce, please provide all documents pertaining to these interviews.

RESPONSE:

No.

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OCA/USPS-T7-8. Other than material already submitted in this proceeding, are there any other documents that provide information on why non-residents rent boxes outside of their 5-digit ZIP code area? To the extent these documents are not voluminous or burdensome to produce, please provide these documents. Please provide a brief description of documents not provided.

RESPONSE:

No.

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OCA/USPS-T7-7. A review of USPS LR-SSR-111 shows that box holders were asked why they rented post office boxes.

- a) Did the Postal Service conduct a survey of non-resident boxholders to ascertain why they rented post office boxes outside their 5-digit ZIP?
- b) If the Postal Service conducted such a survey, please provide it.
- c) If the Postal Service failed to conduct such a survey, please explain why not.
- d) Why weren't non-resident boxholders contacted during the LR-SSR-111 survey and asked why they rented boxes outside of their 5-digit ZIP code?

RESPONSE:

- a) No.
- b) Not applicable.
- c) and d) A survey, or additional question in the LR-SSR-111 survey, was not considered necessary because qualitative information was already available. See my testimony, USPS-T-7 at 23 and 25-28 and the testimony of witness Landwehr, USPS-T-3.



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OCA/USPS-T7-10. Refer to page 25, lines 3-5, of your testimony where it states that "residents [are] unable to obtain boxes in their own delivery area due to non-resident boxholders."

- a) Please explain whether the unavailability of boxes for residents could be alleviated by giving priority to residents over non-residents when (1) initially renting boxes, or (2) renewing box rental agreements.
- b) Please explain whether giving priority to residents over non-residents when (1) initially renting boxes or (2) renewing box rental agreements, was considered as an alternative to the non-resident fee. If this alternative was considered and rejected, please explain why.

RESPONSE:

- a) Provided there are no regulations or legal requirements preventing it, giving priority to residents would help make boxes more available for residents.  
  
However, charging a fee for non-resident box customers would allow these customers to continue their box service and make a revenue contribution that could eventually alleviate the problems this segment of the boxholder population can cause residents and the Postal Service. Administratively, determining when to give priority to residents would appear to be very burdensome, and would probably be met with much more non-resident customer dissatisfaction than a modest fee increase.
- b) No, this alternative was not considered since a major goal was to set prices to reflect customer demand, rather than to limit customer options.

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OCA/USPS-T7-12. Refer to page 28, lines 8-9, of your testimony. Please provide a list of towns and cities (with ZIP Codes) bordering Canada and Mexico that "attract large numbers of non-residents seeking post office box service."

RESPONSE:

I do not know all United States border towns and cities that "attract large numbers of non-residents seeking post office box service," but examples are Blaine, Washington and San Luis, Arizona, discussed in witness Landwehr's testimony (USPS-T-3). I would not be surprised if all United States border cities and towns with box sections serve Mexican and Canadian residents, and that many of these border cities and towns attract large numbers of Mexican and Canadian residents seeking box service in the United States.

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OCA/USPS-T7-11. Refer to page 26, lines 1-4, of your testimony. Please provide a list of towns and cities (with ZIP Codes), and ZIP Code areas, that constitute "vanity address areas."

RESPONSE:

I do not know all vanity address areas in the United States, but examples include those reported in Library Reference SSR-105. Vanity addresses are really personal choices about a town or city name or ZIP Code that is desirable. Therefore, it is possible that every city or town or ZIP Code area with a box section is a vanity address.

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OCA/USPS-T7-14. Please refer to page 25, lines 3-5 of your testimony. This testimony implies that waiting lists are caused by non-resident boxholders.

- a) Please confirm that you cannot demonstrate any correlation between the number of non-resident box holders and the number of applicants on waiting lists for post office boxes at facilities. If you do not confirm, please provide whatever data are available that demonstrate a relationship between non-resident boxholders and waiting lists. If this data does exist, please specify whether the waiting lists contain non-resident applicants.
- b) Please confirm that you cannot demonstrate that waiting lists (that exclude non-resident applicants) are caused by non-resident box holders. If you do not confirm, please provide whatever data are available that demonstrate this causation.

RESPONSE:

- a) I can only confirm that it is impossible, with the information currently available, to demonstrate any correlation between the number of non-resident boxholders and the number of applicants on waiting lists for post office boxes at facilities for two main reasons. First, the Postal Service does not know the exact number of boxholders that would qualify under the proposal as non-residents. Second, the Postal Service does not know the full extent of those people waiting for box service because not all post offices with no available boxes maintain a waiting list. The decision whether or not to maintain a waiting list is made individually by each postmaster.

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- b) As I stated in my testimony on page 33, line 19-21, in some situations residents are unable to secure post office box service in their 5-digit ZIP Code delivery office due to a large influx of non-resident box customers. This is further supported by situations described in towns mentioned in my testimony on page 27-28. Therefore, I must emphasize that I have not implied in my testimony that waiting lists are solely caused by non-resident boxholders.

I cannot confirm that it could not be demonstrated that, in some situations, large proportions of non-resident boxholders would cause waiting lists for residents. Please refer to the specific descriptions of real situations as noted on pages 27-28 of my testimony.

OCA/USPS-T7-15. The purpose of this interrogatory is to identify all post offices where management at local facilities have formally complained about non-resident box holders to higher level functional units.

- a. Please provide all documents where management at local facilities have complained to higher level units, e.g. regional management, about non-resident box holders. If these documents are voluminous, you may satisfy this interrogatory by furnishing a list. The list should indicate the date of the document, the name of the local post office and to whom the document is addressed. To the extent feasible, please provide this information for the last two years.
- b. Please provide all documents received at headquarters from regional or lower-level functional units where the originator of the document identified and/or complained about problems caused by non-resident boxholders. If these documents are voluminous, at your option, you may satisfy this interrogatory by furnishing a list of the documents. The list should indicate the date of the document, the originator of the document, and a brief summary of its contents. To the extent feasible, please provide this information for the last two years.
- c. If the documents requested in parts "a" and "b" above do not account for all instances where management at local facilities have reported to higher level management problems with non-resident box holders, please describe all other instances. Please be as detailed as reasonably feasible.

RESPONSE:

The Postal Service is unable to identify all offices in which management has complained to supervisors regarding the problems caused by non-resident box holders.

- a-b. These subparts seem to expect that complaints regarding non-residents are reduced to writing and sent up the chain of command. Most operational problems are matters of discussion with an eye to resolving them rather than simple reports up the chain of command. While I have not located responsive documents, some inquiries are outstanding; should responsive non-privileged documents be located they will be provided.
- c. Problems with non-resident boxholders have been discussed informally at various postal meetings and postmaster conventions as well as up and down the chain of command. In the absence of quantified information regarding these problems, whether in the form of cost studies or compilations of written reports, the Postal Service chose to present this

Response of Witness Needham to Interrogatory OCA/USPS-T7-15, page 2.

information in what amounts to its native form: descriptions of operational difficulties from the postmaster level. Hence, Mr. Landwehr's testimony (USPS-T-3) includes qualitative descriptions of four offices which face varying degrees of the operational difficulties presented by non-resident boxholders that the non-resident fee is intended to address.

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OCA/USPS-T7-16. Refer to pages 2-6 of your testimony concerning the proposal for post office boxes. Assuming the proposal for post office boxes is recommended by the Commission, will the Postal Service implement service changes to enhance the quality of post office boxes for postal customers? Please describe any service changes to be implemented and provide documentary support.

RESPONSE:

The Postal Service is continually striving to implement service changes to enhance the quality of all of its products. With respect to box service, the Postal Service has been developing and performing limited testing of an electronic system which would allow boxholders to place a telephone call to check, via an automated line, whether or not there was mail in their box. Also, the Postal Service is currently in the planning stages of refining and redesigning the post office box service application form in an effort to make it more user-friendly. If the proposals in my testimony are recommended and accepted, the quality of box service would be enhanced by increasing the availability of boxes, especially for residents and when higher fees would justify box expansion.



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OCA/USPS-T7-18. Refer to pages 11-14 of your testimony concerning CMRAs.

- a) Please confirm that CMRAs take delivery of mail destined for CMRA boxes from postal carriers. If you do not confirm, please explain.
- b) To the extent CMRAs take delivery from postal carriers, please indicate the time of day CMRA would take delivery from postal carriers.

RESPONSE:

- a) I can confirm that CMRAs take delivery from either letter carriers or, if the CMRA uses caller service or firm holdout, from other postal employees.
- b) CMRAs would take delivery from letter carriers during the planned course of the letter carriers' routes, unless special arrangements are made whereby the volume of mail to CMRA would make it more convenient for the letter carrier to drop off the mail for the CMRAs at the beginning of his/her route.

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OCA/USPS-T7-19. Refer to pages 11-14 of your testimony concerning CMRAs. To your knowledge, are CMRAs post office box or caller service customers of the Postal Service? Please explain your answer.

RESPONSE:

Although I personally am not aware of CMRAs using box or caller service, I would not be surprised if CMRAs use both box and caller service. I think CMRAs would benefit from taking advantage of the earlier delivery of box and caller service mail.

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OCA/USPS-T7-20. Refer to page 8, line 4-12, of your testimony.

- a) Please indicate the time of day and frequency mail destined for post office box customers is placed in the boxes.
- b) Please indicate the time of day and frequency mail is made available to caller service customers.

RESPONSE:

a and b) The responses to these interrogatories would vary from post office to post office.

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**OCA/USPS-T7-21.** Refer to page 25, lines 6-8, of your testimony. Please confirm that the additional revenue from the non-resident fee will be sufficient to alleviate the problems caused by non-resident box service customers.

- a. If you do not confirm, please provide the box rates that would be sufficient.
- b. If you do not confirm, please provide the amount of additional revenue necessary to alleviate the problems.

**RESPONSE:**

a and b) I can confirm that the additional revenue would alleviate these problems, although no specific dollar amount that would cover all costs caused by non-resident boxholders can be pinpointed. A non-resident fee would motivate some non-residents to seek box service at their local office, thus freeing up box service for residents. Moreover, the higher fees would provide a justification for box expansion, where appropriate. See witness Lyons' testimony, USPS-T-1, at 18-19. The additional revenue would also compensate the Postal Service for the additional work related to non-resident boxholders, which witness Landwehr describes in his testimony, USPS-T-3.

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**OCA/USPS-T7-22.** Refer to page 25, lines 6-8, of your testimony where it states that, "the additional revenue from non-residents would provide funds for expansion of box service where appropriate." Please confirm that the additional revenue from non-resident box customers will be used to install more post office boxes.

- a. If you do not confirm, please explain to what use the additional revenue will be put.
- b. If you do confirm, please provide a copy of the plan "for expansion of box service where appropriate."

**RESPONSE:**

Not confirmed. It is my understanding that the Postal Service does not earmark revenue for a particular purpose. However, I do believe that my proposal, if implemented, will lead to increased spending for box expansion. Please see my response to OCA/USPS-T7-21.

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**OCA/USPS-T7-23.** Refer to pages 17-25 of your testimony concerning post office box fees.

- a. Please confirm that the current post office box fees are insufficient to cover the cost of providing box service. If you do not confirm, please explain.
- b. Assuming fees are insufficient to cover the cost of providing box service, please confirm that it makes sense to limit post office box availability and to maintain large waiting lists. If you do not confirm, please explain.
- c. Please describe the policy changes, and the timing of such changes, regarding the installation of new box sections to meet customer demand, assuming adoption of the proposed non-resident fee.

**RESPONSE:**

- a. I can confirm that the current post office box cost coverage is 99.8 percent. Exhibit USPS-T-1C. But the results vary by fee group and box size. For example, based on the results in Table VI on page 15 of my testimony, current post office box fees in Group II are insufficient to cover the cost of providing box service. However, fees for Group IC are well above the cost of providing box service. Compare USPS-T-7 at 3 with USPS-T-4 at 44.
- b. Not confirmed. In Group I, most fees cover costs, so there is no financial incentive to limit box availability. For those box fees that do not cover costs, the Postal Service believes that it is more practical and economically efficient to increase the fees to cover costs (except for proposed Group E). See pages 38-39 of my testimony. Further, the Postal Service believes it is

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in the customers' best interests to make a high demand service, such as post office box service, available to the greatest extent possible, rather than limit its availability.

- c. Policy changes and the timing of these changes with respect to box expansion have not yet been formulated.

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**OCA/USPS-T7-24.** Refer to page 25, lines 6-8, of your testimony. Please explain at what level of postal management the decision to expand post office box service is made.

**RESPONSE:**

It is my understanding that the postmaster or officer-in-charge level at each individual facility provides important input for box expansion decisions. The authorization to obtain more boxes generally comes from the District level of management.



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**OCA/USPS-T7-25.** Refer to page 4, the continuation of Table I, lines 34-36, concerning the caller service fee for Delivery Group II. Please explain in detail the basis for the "estimated 80 percent paying the current size 5 box fee and an estimated 20 percent paying the current subgroup IC caller service fee." Show the derivation of these percentage figures. Provide all underlying sources.

**RESPONSE:**

This is, as stated, an estimate. This estimate is based on an average number derived from informal discussions with postmasters. This estimate is not intended to be scientific in nature and is, rather, a "ballpark" figure.

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**OCA/USPS-T7-26.** Refer to page 25, lines 3-5, of your testimony.

- a. Please provide statistical data, reports, or other documentation on the number of residents "unable to obtain boxes in their own delivery area", or in the alternative, by Delivery Group.
- b. Please provide statistical data, reports, or other documentation on the number of non-residents seeking to obtain post office boxes service by Delivery Group, or in the alternative, by post office (including ZIP Code).
- c. If you are unable to provide the information requested in "a" and "b" above, please state whether you believe the number of residents unable to obtain boxes in their own delivery area is greater than the number of non-residents seeking to obtain post office boxes service.

**RESPONSE:**

a and b.

The articles in Library Reference SSR-105 contain information on residents unable to obtain box service in their delivery area post office. Also, please see the responses of witness Ellard to OCA/USPS-T6-18 and 19, filed August 2, 1996. Beyond this, I cannot provide any statistical data, reports or other documentation.

- c. I do not know which number would be greater.

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**OCA/USPS-T7-27.** Refer to your response to OCA/USPS-T7-10.

- a. Please confirm that there are no restrictions in the DMM or DMCS that would prevent the Postal Service from giving priority to residents. If you do not confirm, please explain.

**RESPONSE:**

- a. It is my understanding that, in response to a Postal Service objection to this question, the Office of the Consumer Advocate has agreed to limit this question to my personal knowledge. In developing my proposal, I did not have personal knowledge of any DMM or DMCS restrictions that would prevent the Postal Service from giving priority to residents. However, I have not investigated this matter because my proposal does not involve giving priority to residents. If my proposal had included such priority, I expect it would have undergone legal review by the Law Department.

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**OCA/USPS-T7-27.** Refer to your response to OCA/USPS-T7-10.

- a. Please confirm that there are no restrictions in the DMM or DMCS that would prevent the Postal Service from giving priority to residents. If you do not confirm, please explain.
- b. Please confirm that non-residents displaced by residents who receive priority in box rentals would continue to make a revenue contribution to the Postal Service, to the extent such non-residents obtain box service at another post office. If you do not confirm, please explain.
- c. Please explain the basis of your conclusion that, "determining when to give priority to residents would appear to be very burdensome."
- d. Please explain whether the administrative burden of giving priority to residents would be greater or less than the administrative burden now associated with box rentals to non-residents.
- e. Please explain whether giving priority to residents could be achieved by establishing, where necessary, two separate lists: one for residents and the second for non-residents, both maintained in the chronological order of the request for box service.
- f. Assuming priority is given to residents over non-residents, please estimate the number of non-resident post office box customers who would not obtain post office box service.

**RESPONSE:**

- a. Objection filed on August 2, 1996.
- b. Confirmed, with reservation. These "displaced" non-resident boxholders would not necessarily continue their box service at another postal facility. Those non-residents that did, of course, would continue to make a revenue contribution to the Postal Service. However, the administration of a non-

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resident fee would preclude a forced displacement of the boxholder population.

- c. Your interrogatory OCA/USPS-T7-10 gave two situations for providing priority for box service to residents over non-residents: initially obtaining box service and renewing box service. With respect to initially obtaining box service, giving priority to residents would only be moderately burdensome if the postal facility currently maintains a waiting list. However, not all postal facilities maintain waiting lists, and for these particular facilities, initiating a waiting list would be burdensome. These facilities would have no way of knowing how many potential customers had been turned away and told to check back at a later date for available box service. Additionally, the explanations to potential customers of why they would need to establish residency prior to being placed on the residents' waiting list would be both time consuming and burdensome.

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With respect to renewing post office box service, forcing non-resident boxholders out of their boxes to provide box service for residents would be an administrative nightmare. Inevitably, the customer dissatisfaction resulting from this type of action would be monumental. See also the Postal Service's response to OCA/USPS-9, which refers to termination of box service and customer appeals.

I wish to reiterate that it is not the Postal Service's intention to take box service away from existing customers, but rather to assess a fee for non-residents benefiting from post office box service at a post office other than their local delivery post office.

- d. Giving priority to residents and providing box service to non-residents are administratively burdensome in different ways. However, due to the reasons mentioned in OCA/USPS-T7-27(c), giving priority to residents when renewing box service agreements for non-residents would be a greater administrative burden than the current practice of providing box service to non-residents.

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- e. Assuming the interrogatory refers to exhausting the resident waiting list before providing box service to those potential customers on a non-resident waiting list, there would be the problems mentioned in part c above for offices that currently do not maintain a waiting list. Priority for residents could be initiated by the maintenance of two separate lists. However, this would not provide significant relief, since the benefits resulting from a non-resident fee would be absent.
- f. The Postal Service has no basis for making the requested estimate. The limited available information is described in the responses of witness Ellard to OCA/USPS-T6-18 and 19, filed August 2, 1996.

REVISED AUGUST 28, 1996

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**OCA/USPS-T7-28.** Refer to your response to Presiding Officer's Information Request No. 1, question 8, and the response of witness Lion to question 9. Does the Postal Service propose that the estimated "1,839,816 of the Group II post office boxes in use [that] are located in offices which do not provide city or rural delivery service" pay the proposed Delivery Group D fees?

- a) If you answer yes, please provide the number of boxes by box size for the estimated "1,839,816 of the Group II post office boxes in use."
- b) If you answer anything other than yes, please explain.

**RESPONSE:**

Yes, assuming the box customers are eligible for delivery from another office. See my testimony, USPS-T-7, at 21-22, and my response to question 5, and witness Lyons' response to question 7, of Presiding Officer's Information Request No. 2.

- a) See the response of witness Lyons to question 7, part a, of Presiding Officer's Information Request No. 2.
- b) The Postal Service proposes that post office box service customers in offices without carrier delivery service pay the proposed Delivery Group E fee only if they are not otherwise eligible for carrier delivery. Customers who are eligible for delivery would pay the proposed Group D fees (and the non-resident fee for non-residents).



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OCA/USPS-T7-29. Refer to page 28, lines 8-9, concerning non-resident box holders.

- a) Please provide the number of non-resident box holders in towns bordering Canada and Mexico that are foreign nationals.
- b) How many box holders in border towns are US citizens who reside in both US and Canada or the US and Mexico?

RESPONSE:

a and b) The Postal Service does not collect information on the number of non-resident boxholders in United States border towns that are foreign nationals or the number of boxholders in United States border towns that are United States citizens residing in both the United States and Canada or Mexico.

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**OCA/USPS-T7-30.** Refer to page 28, lines 8-9, concerning non-resident box holders. Are there any applicable international treaties or agreement which would prevent limiting the non-resident box fee to foreign nationals, whether businesses or individuals? Please provide citations.

**RESPONSE:**

It is my understanding that, in response to a Postal Service objection to this question, the Office of the Consumer Advocate has agreed to limit this question to my personal knowledge. In developing my proposal, I did not have personal knowledge of any international treaties or agreements which would prevent limiting the non-resident fee to foreign nationals. However, I have not investigated this matter because my proposal does not involve such a limit. If my proposal had included such a limit, I expect it would have undergone legal review by the Law Department.

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OCA/USPS-T7-31. Refer to pages 34-40 of your testimony concerning the pricing criteria of the Postal Reorganization Act.

- a) Have there been any changes in the value of service provided users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.
- b) Have there been any changes in "the effect of rate increases" on users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.
- c) Have there been any changes in the availability of alternatives for users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.

RESPONSE:

I think it is important to note that the proposed 100.8 percent cost coverage for post office boxes in Docket No. R90-1 was deliberately kept low to allow for the space cost allocation proposal presented by witness Smith. Docket No. R90-1, USPS-T-22, at 12. In fact, the Commission, by rejecting witness Smith's proposal, was able to lower the fees proposed by the Postal Service, but raise the cost coverage to 132.8 percent. PRC Op., R90-1, Vol. 1, at V-401-402; Vol. 2, App. G, Sched. 1. The Postal Service is using the Commission's space costing methodology in this docket, so the cost coverages presented by the Postal Service are comparable to the 132.8 percent figure, rather than the 100.8 percent figure.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-31  
Page 2 of 2

- a) Please see my response to OCA/USPS-T7-16, filed July 30, 1996
- b) I am not aware of any changes in the effect of fee increases on users of post office box service since Docket No. R90-1.
- c) Yes. With respect to Mail Boxes, Etc. (MBE), a major alternative for post office box service, between 1990 and 1996, the total number of centers increased 129 percent, from 1,119 to 2,564. (Sources: MBE 1990 Annual Report, page 18; January, 1996 MBE Form 10-Q.)

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-32. Refer to pages 22-23 of your testimony concerning caller service.

- a) Please identify the types of Postal Service or other equipment that are used by caller service customers to take delivery of caller service mail.
- b) Please provide the dimensions of the Postal Service or other equipment identified in "a" above.

RESPONSE:

a and b) The Postal Service makes available to caller service customers various types of carts and bags to take delivery of caller service mail, if these customers do not bring their own carts or bags. As the Postal Service and customer carts and bags vary by size, there would be numerous possibilities for dimensions. An important point to remember is that the Postal Service carts and bags are primarily used by postal employees to transport mail around and out of postal facilities. The various types of carts and bags are not purchased for delivery of caller service mail, although they may be used in that function.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE -

OCA/USPS-T7-33. Refer to pages 25-31 of your testimony concerning post office box service media attention.

- a) Has the post office box service media attention coincided with a large and rapid increase in the number of non-resident box holders? Please quantify the increase.
- b) "Over the past few years," has the increase in the number of non-resident box holders been significantly above average in comparison to other periods? Please explain. See, USPS-T-7, page 25, line 12.
- c) What are the causes of this increase in the number of non-resident box holders?

RESPONSE:

- a) The Postal Service does not have any information on changes in the number of non-resident boxholders over time. Therefore, I do not know if there has been a large and rapid increase in the number of non-resident boxholders. I can only agree that the media has brought the non-resident potential and current customer base into the spotlight recently.
- b) I do not know. Please see my response to part (a).
- c) Not applicable.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-34. Refer to your response to OCA/USPS-T7-10(b).

- a) Is it the position of the Postal Service that non-residents who can afford to pay the non-resident fee should be given priority over residents?
- b) Assuming the Commission recommends the proposed non-resident fee, please identify all circumstances where it will be possible for a resident on a waiting list to receive post office box service prior to a non-resident on the same waiting list, even though the non-resident was placed on the list before the resident? In your opinion, how likely is it that this would occur?

RESPONSE:

- a) Absolutely not.
- b) I cannot identify any circumstances where it would be possible for any potential boxholder to receive priority over a potential boxholder placed on the same waiting list first.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-35.** Please refer to page 25, lines 1-8 of your testimony where you state that "non-residents facing higher fees, would be more likely to give up their boxes, thus making them available for residents."

- a. Please confirm that proposed resident fees are less than the cost of providing box service. If you do not confirm, please explain how to interpret the figures of your Table I and Table 15 of USPS-T-4.
- b. If you confirm part "a," please confirm that the Postal Service will actually lose money for every box rented to a resident. If you do not confirm, please explain.
- c. Please confirm that the only proposed post office box fees that exceed the cost of providing the box service are for non-residents. If you do not confirm, please explain how to interpret the figures of your Table II and Table 15 of USPS-T-4.
- d. If you confirm part "b," please confirm that the postal service can only make money on boxes rented to non-residents. If you do not confirm, please explain.
- e. If the waiting list for boxes at a post office includes both residents and non-residents, please confirm that the postal service has an economic incentive to lease boxes first to the waiting non-residents.
- f. Please confirm that adding new box capacity is cost-effective at the proposed rates only when the new boxes can be rented to non-residents. If you do not confirm, please explain how renting new boxes below cost to residents is cost-effective.
- g. Please confirm that the proposed box fee structure creates an economic incentive for postmasters to prefer non-resident box holders and to accept resident applicants for boxes only when the available supply of non-residents is exhausted. If you do not confirm, please explain. If you confirm, please elaborate on your claim that these new fees will make more boxes available for residents.



**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T7-35  
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**RESPONSE:**

- a. Not confirmed. The proposed Group A, B, and C resident fees cover costs.  
The proposed Group D resident fees are less than the costs of providing box service (see USPS-T-7, Table VII).
- b. Not confirmed. The fees for residents are less than the costs for Group D boxes only. However, the Postal Service's proposal would make the Group D fees closer to the costs than they are now.
- c. Not confirmed. See the response to part a.
- d. Not applicable. See the responses to parts a and b.
- e. Although revenue from non-resident box customers would be greater on a same-size box, same-type group basis, the Postal Service intends to provide box service to customers on a first-come basis, regardless of resident status.
- f. Not confirmed. See the responses to parts a and b.
- g. Please see my response to part e.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-36.** Refer to your response to interrogatory OCA/USPS-T7-5(c).

- a. What were the amounts of the higher and lower fees that were rejected?
- b. What percentage of post office box customers terminate box service before their rental period has expired?

**RESPONSE:**

- a. The higher semi-annual fee rejected was \$24. The lower semi-annual fee rejected was \$10.
- b. To the best of my knowledge, the Postal Service does not collect that type of information.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-37. Refer to your response to interrogatory OCA/USPS-T7-14, where you state that the "decision whether or not to maintain a waiting list is made individually by each postmaster." If postmasters do not maintain a waiting list, by what means do postmasters determine to whom boxes will be rented when the demand for boxes exceeds the number of boxes available for rent at a postal facility?

RESPONSE:

It is my understanding that, for those offices where waiting lists are not maintained, potential customers are given box service on an as-available basis. When box service is terminated by a customer at an office with no available boxes, the next potential customer requesting box service is offered the box just vacated. See also response of witness Landwehr to OCA/USPS-T3-2c-e, filed July 24, 1996.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-38.** Refer to your response to interrogatory OCA/USPS-T7-15(a), where you state that the Postal Service "is unable to identify all offices in which management has complained to supervisors regarding the problems caused by non-resident box holders." Other than the postal facilities discussed in the testimony of witnesses in this proceeding, please identify any postal facilities where there have been complaints concerning non-resident box holders. Please provide supporting details.

**RESPONSE:**

As explained in the response to OCA/USPS-T7-15(a), the Postal Service maintains no system of records that would permit a simple answer to this question; nor is it prepared to commission a study that would permit it to identify all offices that have had problems with nonresident boxholders.

Notwithstanding, we have identified two additional offices which have complaints regarding nonresident boxholders: Sault Sainte Marie, Michigan and Savannah, Georgia.

The Postal Service will provide additional information as it becomes available.

**SUPPLEMENTAL RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-38.** Refer to your response to interrogatory OCA/USPS-T7-15(a), where you state that the Postal Service "is unable to identify all offices in which management has complained to supervisors regarding the problems caused by non-resident box holders." Other than the postal facilities discussed in the testimony of witnesses in this proceeding, please identify any postal facilities where there have been complaints concerning non-resident box holders. Please provide supporting details.

**SUPPLEMENTAL RESPONSE:**

This supplies additional information regarding offices that are understood by postal management to face challenges in serving non-resident boxholders.

Brookings, Oregon, borders California and is popular among California residents who want an Oregon address for vehicle registration purposes. The Canyon City, Oregon Post Office, and the Battleground and Amboy Post Offices in Washington are popular among non-residents because these Group II offices offer lower fees than surrounding Group IC offices.

Post offices in the California cities of Malibu, San Ysidro, and Lincoln, have high proportions of non-resident boxholders and the associated box mail accumulation problems resulting from infrequent box mail pickups. Similarly, the Woodbridge, California; Steamboat Springs, Colorado; Friday Harbor, Washington; Lynden, Washington; Stanwood, Washington; Oroville, Washington; and South Cle Elum, Washington Post Offices have high proportions of non-resident boxholders and no available boxes for residents.

**SUPPLEMENTAL RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

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Approximately half of the boxholders in the Santa Monica and Sunset Beach Post Offices in California are non-residents. Santa Monica appears to be a prestige address and the office has a waiting list. Non-residents appear to choose box service in Sunset Beach as a matter of convenience. Post offices in the California cities of Universal City, Studio City, Toluca Lake, and Burbank are also understood to have substantial non-resident boxholders and their concomitant operational challenges.

Non-resident boxholders at three additional Arizona post offices are understood to make up a substantial portion, if not a majority, of all boxholders. The Sahuarita and Lukeville Post Offices are Mexican border towns, while the Lakeside Post Office is in a resort area.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-39.** Refer to your response to OCA/USPS-T7-22.

- a. Please confirm that the Postal Service does not need an increase in post office box fees in order to decide to "expand box service where appropriate." If you do not confirm, please explain.
- b. Please explain the purpose of fee increases for post office boxes if the resulting revenues are not dedicated to expansion of box service.

**RESPONSE:**

- a. Confirmed, but the increase in fees would make more expansion appropriate. See my response to OCA/USPS-T7-21, and the testimony of witness Lyons, USPS-T-1, at 18-19.
- b. Please see my testimony at page 1, lines 10 to 19.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-40.** Refer to your response to OCA/USPS-T7-23(b).

- a. If there is "no financial incentive to limit box availability," why didn't the Postal Service propose higher fees than it presented in this proceeding?
- b. If box service is a "high demand service," please confirm that raising fees higher than those proposed will shorten waiting lists and obviate the need for more post office boxes. If you do not confirm, please explain fully.

**RESPONSE:**

- a. Your quote refers to my comments about Group I fees. Increasing Group I fees even more than the proposed average 24 percent would increase the disparity between city delivery and rural delivery fees, and would lead to a greater loss of box usage in Group I.
- b. Not confirmed. While waiting lists might be shorter, any location with a waiting list would benefit from more boxes.



**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-41.** Refer to page 7, lines 4-7, of your testimony.

- a. Please describe the type of communities (i.e., cities, suburbs, unincorporated towns and villages, etc.) that are served by Delivery Group I-C post offices.
- b. Please describe the type of communities (i.e., cities, suburbs, unincorporated towns and villages, etc.) that are served by Delivery Group II post offices.

**RESPONSE:**

- a and b) I do not know. The determination of whether a post office is Group IC or II is based on the type of carrier delivery service offered by the office. This is often not related to the type of community that is served by the office.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-42.** Refer to pages 34-40 of your testimony. In proposing increased fees for post office boxes, please explain what consideration was given to the fact that mail destined for boxes does not incur delivery costs?

**RESPONSE:**

I assume you are referring to the lack of carrier street delivery costs for post office box service. My fee design is not based on this lack. However, witness Patelunas analyzed the tradeoff between post office box cost savings and increased carrier delivery costs when boxholders shift to carrier delivery. See USPS-T-5, Appendix B.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T7-43.** Refer to pages 34-40 of your testimony. Do you believe that it would fair and equitable to provide a discount to post office box holders because box holders permit the Postal Service to avoid carrier delivery? Please explain.

**RESPONSE:**

No. I agree with the Commission's repeated rejections of cost avoidance as a factor in determining post office box service fees. PRC Op., R84-1, at 597; PRC Op., R80-1, paras. 1170 *et seq.*; PRC Op., R77-1, at 456-459. Moreover, please note that often post office box customers also receive carrier delivery of some mail at their homes or businesses.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE  
(REDIRECTED FROM WITNESS LYONS)

OCA/USPS-T1-11. In your testimony at 17, footnote 10, you indicate that "customers, for the most part, could avoid this large increase by switching their box to their local post office."

- a. If a customer's local post office does not have any available post office boxes available for rent, will the customer have to pay the non-resident fee for a post office box at the next nearest post office? Please explain your response.
- b. If a customer's local post office does not have a vacant post office box of the size requested by a customer, does the customer have to pay the applicable rate for the next available size box, or does the customer get the next available size box at the same rate as the box initially requested? Please explain your response.

RESPONSE:

- a. No. Please see USPS-T-7, page 24, lines 16-19, for an explanation.
- b. If a customer's local post office does not have a box available in the size requested by the customer, the customer can choose a box at the next smaller or larger available size. The customer would then pay for that size box, as required by Fee Schedule SS-10.

RESPONSE OF WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE  
(REDIRECTED FROM WITNESS LYONS)

OCA/USPS-T1-23. USPS witness Needham's testimony, USPS-T-7 at 23-24, states,

[N]on-residents would be defined as those individual or business boxholders whose residence or place of business is not located within the 5-digit ZIP Code area of the office where box service is obtained. In those circumstances where a local street address is not confirmed by a postal employee in the office where the box is located, individual boxholders would be asked to provide proof of residency . . . .

Several proof of residency alternatives are listed in her testimony. Not all of the alternatives identified include a photo.

- a) Will a postal employee verify that the applicant actually resides at the street address listed on the boxholder application?
- b) Please explain how the Postal Service will confirm that the boxholder applicant actually lives at the street address provided.
- c) If photo identification is not required by the Postal Service, please explain how postal employees will verify the identity of the applicant.

RESPONSE:

a and b) As stated in my testimony, USPS-T-7, page 24, lines 2-11, if a local street address cannot be confirmed by a knowledgeable postal employee (generally the letter carrier), the applicant would be required to provide proof. Either a postal employee's confirmation through personal knowledge or proof of a local street address would satisfy verification.

RESPONSE OF WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE  
(REDIRECTED FROM WITNESS LYONS)

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- c) Currently a photo identification is not required by the Postal Service to verify the identity of boxholder applicants. See DMM 910.2.3. Implicit in the interrogatory is the premise, with which the Postal Service agrees, that photo identification is preferable. The Postal Service does not, however, want to preclude reliance on other reliable information. It is my understanding that the details of how applicants' identities and street addresses are to be verified would be determined as part of the implementation process.

RESPONSE OF WITNESS NEEDHAM TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE  
(REDIRECTED FROM WITNESS LYONS)

OCA/USPS-T1-24. Assume that a state, such as Arizona, issues a driver's license that may have either a post office box address on the license or a physical mailing address.

- a) What form of identification will the Postal Service require of postal patrons to verify that the post office box applicant is a local resident?
- b) Will the Postal Service implement different identification requirements based upon the locality?

RESPONSE:

- a) In many cases, a postal employee will be able to verify a local address by personal knowledge. In these cases, no form of identification would be required. In all other instances, applicants claiming eligibility for resident fees would be required to provide verifiable proof of a street address in order to qualify for the applicable resident fees. Please see my testimony, USPS-T-7, page 24, lines 2-11, where I provide examples of proof of a street address. Such proof would need to include the physical street address.
- b) No. In cases when a postal employee cannot verify a local address by personal knowledge, customers would have to present documentation sufficient to demonstrate where they reside or conduct business. As part of the implementation process, guidelines concerning how to handle variations of identification forms around the nation may be developed.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS PATELUNAS

OCA/USPS-T5-25. The following interrogatory refers to your response to OCA/USPS-T5-11.

- a) Exhibit USPS-T-5C at 10 shows a per piece postal card cost of \$0.075. Given that the current post card mailing rate is \$0.20, please confirm that the implicit postal card cost coverage is 266.7 percent ( $\$0.20/\$0.075$ ). If you are unable to confirm, please explain.
- b) Assume that the Commission approves the additional \$0.02 postal card fee. Please confirm that the implicit postal card cost coverage excluding the postal card fee of \$0.02 is 316.2 percent ( $\$0.20/(\$0.075-\$0.01175)$ ). See also USPS-T-8 at 107. If you are unable to confirm, please explain.
- c) Refer to exhibit USPS-T-5C at 10. Please confirm that the implicit single post card cost coverage is 126.5 percent ( $\$0.205/\$0.162$ ). If you are unable to confirm, please explain.
- d) Please confirm that in Docket No. R94-1, the Commission recommended a postal card subclass cost coverage of 136.7 percent. PRC Op. R94-1, para. 5103. If you are unable to confirm, please explain.
- e) Refer to exhibit USPS-T-5C at 10. Given that the implicit cost coverage for single post cards is 126.5 percent ( $\$0.205/\$0.162$ ) as opposed to 262.7 percent ( $\$0.197/\$0.075$ ) for postal cards, please explain the rationale for leaving single post cards cost coverage below the Commission's R94-1 recommendation, while increasing that of postal cards.

RESPONSE:

- a) Not confirmed. Using the revenue per piece of 19.7 cents from Exhibit USPS-T-5C at 10, the cost coverage is 263 percent.



RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM  
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OCA/USPS-T5-25  
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b) Not confirmed. If the Commission approved the stamped card fee, there would be a new stamped card cost coverage of 170 percent (see Exhibit USPS-T-1C).

c) Confirmed.

d) Not confirmed. The Commission recommended a 136.7 percent cost coverage for the postal card and postcard subclass in Docket No. R94-1.

e) I note that in subpart a) of this interrogatory your "implicit" cost coverage for postal cards is 267 percent, yet in this subpart your "implicit" cost coverage changes to 263 percent. Nevertheless, the proposal in this filing is for a new special service, namely a stamped card fee and the resulting proposed revenues and costs are not intended to be a part of the postal card revenues and costs.

1                   PRESIDING OFFICER QUICK: Does any participant  
2     have additional written cross examination for Witness  
3     Needham?

4                   Three participants requested oral cross  
5     examination of Witness Needham.

6                   They are Douglas Carlson, the Office of Consumer  
7     Advocate Mr. Ruderman; and David Popkin.

8                   Does any other participant have oral cross  
9     examination for Witness Needham?

10                  [No response.]

11                  PRESIDING OFFICER QUICK: If not, Mr. Carlson, you  
12     may begin, please.

13                                  CROSS EXAMINATION

14                  BY MR. CARLSON:

15                  Q     Good afternoon.

16                  A     Good afternoon.

17                  Q     Does the Postal Service believe that increasing  
18     how favorably the public views the agency may lead to  
19     increased business and revenue for the Postal Service?

20                  A     I am not an expert on that but I would assume that  
21     the Postal Service would like to present a good image of  
22     itself to its customers and I think it strives to do that.

23                  Q     And that if it did that it might have  
24     opportunities for increased business? In other words,  
25     people may take their business to the Postal Service instead

1 of to a competitor?

2 A Perhaps that is true.

3 Q Is one side benefit of post office boxes that  
4 customers may be more likely to use the Postal Service for  
5 delivery services such as Express Mail and Priority Mail  
6 because customers are at the post office frequently to pick  
7 up their mail?

8 A Well, I am sure that post office box customers do  
9 find it convenient to have the mail services that the Postal  
10 Service offers there when they are going to the post office.

11 Q Could you explain why the nonresident fee would  
12 not cause the public to view the Postal Service less  
13 favorably than before, because suddenly certain boxholders  
14 would be paying \$18 more than many people who hold boxes  
15 next to theirs?

16 A Could I explain why the Postal Service would --  
17 customers would view the proposed nonresident fee favorably?  
18 Is that the question?

19 Q Why if the nonresident fee were approved would or  
20 would you not expect the public to view the Postal Service  
21 more or less favorably than before, because suddenly some of  
22 those people will be paying an extra \$18 that they weren't  
23 paying before and that other people still would not be  
24 paying?

25 A Well, I think it depends on the customers

1 themselves. I can't speak for all of the customers.  
2 Perhaps some would be not happy about paying more, but then  
3 the ones that would not be paying the nonresident fee might  
4 be happy that their costs, their fee hasn't gone up because  
5 of the cost that another group is incurring.

6 Q Could you see that the nonresident customers might  
7 view the new fee structure as being unfair since they are  
8 being required to pay an extra \$36 a year that the guy next  
9 to them may not have to pay?

10 A I suppose it is possible.

11 Q Do you claim that the entire pool of post offices  
12 in the country experiences a demand for post office boxes by  
13 nonresidents that is at least as high as the demand for  
14 boxes by nonresidents that post offices in towns and cities  
15 with vanity addresses experience?

16 A I believe that is an interrogatory that you posed  
17 to me, am I correct?

18 Q Yes, it is based on an interrogatory.

19 A Could you refer me to that interrogatory, please?

20 Q Certainly. One moment.

21 [Pause.]

22 BY MR. CARLSON:

23 Q Let's come back to that one. I am sorry I didn't  
24 cite it in my notes here and I don't want to -- let me take  
25 that back and say it is DFC-T-7-5.

1           A     Now if you could repeat the question.

2           Q     Okay. Do you claim that the entire pool of post  
3 offices in the country experiences a demand for post office  
4 boxes by nonresidents that is at least as high as the demand  
5 for boxes for nonresident that post offices in towns and  
6 cities with vanity addresses experience?

7                     Please answer this question without regard to the  
8 demand for boxes by nonresidents in border towns and without  
9 regard to non-vanity, non-border cities and towns that may  
10 have atypically high demand for box service by nonresidents.

11          A     I believe this -- I have to check with my counsel,  
12 but I believe that this -- this particular interrogatory  
13 response was -- we were asked -- there was a motion to  
14 compel, am I correct?

15                     MR. RUBIN: Right, but I believe the Presiding  
16 Officer stated that it would be appropriate for Mr. Carlson  
17 to pursue it at this hearing.

18                     THE WITNESS: Oh, okay. I just wanted to check  
19 before I answer.

20                     So with respect to Interrogatory T-7-5-A you would  
21 like me to substitute atypically higher with -- what was it?  
22 Generally higher?

23                     BY MR. CARLSON:

24          Q     I will read the first sentence again.

25          A     Okay.

1           Q     Excuse me. Do you claim that the entire pool of  
2 post offices in the country experiences a demand for post  
3 office boxes by nonresidents that is at least as high as the  
4 demand for boxes by nonresidents that post offices in towns  
5 and cities with vanity addresses experience?

6                     The question is a bit different from the way it is  
7 written.

8           A     Yes, I understand now. Thank you.

9                     I don't -- cannot make any claims as to whether  
10 the demand for boxes by nonresidents in the entire country  
11 is generally as high as those in vanity areas and excluding  
12 the border towns.

13                    I am not really sure. I know that I have stated  
14 in an interrogatory response that it is really difficult to  
15 define every vanity town or sought after address for  
16 whatever reason. There could be -- to one person a vanity  
17 address could be not a vanity address to another person and  
18 it doesn't have to be a big name city like Beverly Hills.

19                    It could, you know, be a small town somewhere.

20           Q     In your testimony at page 31, lines 13 through 14,  
21 you stated that --

22           A     Let me see.

23           Q     -- quote, "It is not fair and equitable for one  
24 office to charge five times as much for the equivalent  
25 service."

1           Would your statement be true if one office charged  
2   twice as much as opposed to five times as much?

3           A     Well, I am -- I would have to look at that  
4   situation outside of this.

5           With respect to this portion of my testimony I was  
6   describing the situation between Group 2 post office fees  
7   and Group 1 post office box fees.

8           I also pointed out that there are -- the  
9   differences in these post offices are not, do not support  
10  such a great discrepancy in the fees.

11          Q     Would it support a discrepancy twice as much as  
12  opposed to five times as much?

13          A     Well, you know, I am not really sure because I  
14  have not really -- I haven't looked at it on that basis.  
15  What I am looking at is five times as much.

16          Q     Please refer to your response to DFC-T7-3D and F.

17          A     Okay.

18          Q     In that example, while A by definition lives  
19  outside the five-digit zip code area of the post office,  
20  where A has his post office box, you state that A would not  
21  necessarily pay the nonresident fee, even though A meets the  
22  definition of nonresident that the Postal Service submitted  
23  with this case. Would you explain why A might not be  
24  required to pay the nonresident fee?

25          A     I don't believe that that's quite the

1     interrogatory I'm looking at; either that, or I  
2     misunderstood your question.

3             The -- if we are discussing 3D, 3D is asking if A  
4     would be required to pay an \$18 nonresident fee to obtain  
5     24-hour access to his post office box due to a condition,  
6     box lobby hours within the control of the Postal Service.

7             Q     So are you suggesting that it's the box lobby  
8     hours that may cause A not to be required to pay the fee?

9             A     In my response I said -- I answered no to the  
10    question. I could confirm that there would be situations  
11    where there would be people, perhaps, customers willing to  
12    pay more to gain 24-hour post office box access.

13            Q     The definition that the Postal Service submitted  
14    of a nonresident was a person who resides outside the five-  
15    digit zip code of the post office where that person is  
16    seeking a box. That would be the definition of a  
17    nonresident?

18            MR. RUBIN: Can we have a cite for that?

19            THE WITNESS: For that -- I think I can help.

20            CHAIRMAN GLEIMAN: Page 23, line 20.

21            THE WITNESS: Page 23.

22            MR. CARLSON: Yes.

23            BY MR. CARLSON:

24            Q     So in the original testimony you state that for  
25    purposes of the nonresident fee, nonresidents would be



1 defined as those individual or business boxholders whose  
2 residence or place of business is not located within the  
3 five-digit zip code area of the office where box service is  
4 obtained.

5 In this hypothetical, A meets that definition of a  
6 nonresident, so why would A not necessarily pay the  
7 nonresident fee?

8 A Could you explain to me how A meets the criteria  
9 of -- oh, A meets the criteria of the nonresident; correct?

10 Q Yes.

11 A I mean is that what you were stating? Yeah.

12 Q Yes.

13 A Yeah, I never did -- did not agree that A would  
14 not be considered a nonresident. I was speaking more  
15 towards the condition, you were talking about the Postal  
16 Service imposed condition. A, under the definition, which  
17 is used as a guideline in my testimony and should not be  
18 taken as the end-all or what will be implemented if this is  
19 recommended and approved, but merely a suggested guideline.  
20 Under my suggested guidelines, A would be a nonresident.

21 Q And then would be subject to the fee? Or does the  
22 condition of lock-out --

23 A Would be subject to the fee except it may -- in my  
24 suggested guidelines, however, there might be some  
25 implementation issue that would preclude this, but --

1           Q     In your response to Part C of that interrogatory,  
2     you stated that zip codes can be used fairly and equitably  
3     to distinguish among groups of customers.  Would you please  
4     cite an example of another Postal Service fee structure that  
5     requires a customer to pay an additional \$36 fee for a  
6     service based solely on which side of the zip code boundary  
7     this person lives?

8           A     Off the top of my head, I know -- I do not know of  
9     any other \$36 fees.

10           MR. POPKIN:  How about any other fee?

11           BY MR. CARLSON:

12           Q     Do you know of any fees that are at least as large  
13     as \$36?

14           A     Depending on what zip code?

15           Q     Yes.

16           A     Well, the post office box fees we have in group  
17     one right now, A, B subgroups, I'm not -- are higher than  
18     the counterparts in group 1C.  It's based on geographical  
19     location, the high cost areas identified in the United  
20     States where the space costs are higher.  I am not sure of  
21     the exact -- if there is a fee \$36 higher.  I'd have to  
22     check.  I don't have my fee schedule with me right now.  I  
23     apologize.

24           Q     In your supplemental response to OCA T7-38, you  
25     stated that Santa Monica --

1           A     Excuse me, let me -- T7-38? And that was the  
2 supplemental?

3           Q     Yes.

4           A     Okay. Let me find that. Okay, I've got it.

5           Q     You stated that Santa Monica appears to be a  
6 prestige address and that the office has a waiting list.  
7 How do you know that the demand by nonresidents is prompted  
8 by prestige and not by some other reason?

9           A     This is anecdotal information from the -- it's  
10 either the Postmaster or the district manager in charge of  
11 Santa Monica.

12          Q     So to your knowledge, no studies or surveys were  
13 done, but it's merely anecdotal?

14          A     Yeah. These postmasters and district managers  
15 appear to have a pretty good feel for why people are  
16 obtaining box service, and who their customers are, and a  
17 lot of times if they're -- you know, in terms of the  
18 definition in my testimony, the guideline, resident or  
19 nonresident.

20          Q     In your supplemental response to OCA T7-38, you  
21 stated that nonresidents appear to choose box service in  
22 Sunset Beach as a matter of convenience. How do you know  
23 that the demand by nonresidents is prompted by a desire for  
24 convenience and not by some other reason?

25          A     Again this is anecdotal information from the

1 experts. What -- expert, in my opinion, experts, either the  
2 postmaster or district manager.

3 Q In your supplemental response to OCA T7-38, you  
4 stated that the Canyon City, Oregon and Battleground and  
5 Amboy, Washington post offices are popular among  
6 nonresidents because these group 2 offices offer lower fees  
7 than surrounding group 1C offices. Are you offering these  
8 post offices as examples in support of the nonresident fee?

9 A I -- this -- it's in response to the interrogatory  
10 which identifies offices that do have a demand by  
11 nonresident box customers, so therefore it would support the  
12 nonresident fee proposal. I believe all these offices here,  
13 especially the ones where those customers are choosing box  
14 service maybe in another state to avoid paying, you know,  
15 certain type of taxes, you know, that would be particular to  
16 the state that they actually live in.

17 Q On page 31, lines 4 through 14, you cited a fee  
18 differential between nearby group 1 and group 2 offices as  
19 not being fair and equitable because both offices, from the  
20 customer's perspective, provide exactly the same service in  
21 similar locations, but one office charges five times as much  
22 for the equivalent service. Since you seem to acknowledge a  
23 problem with fairness and equity in fees between nearby  
24 group 1 and group 2 post offices, is the real root of the  
25 problem in Canyon City, Battleground and Amboy the large fee

1 differential between similarly situated post offices?

2 A I won't necessarily say that because these are  
3 offices that have been identified with nonresident that have  
4 a high proportion of nonresidents. I realize that should  
5 not be confused with the group 2, group 1 close proximities  
6 in some areas, where, you know, where that -- where people  
7 in one town over will pay -- the residents will pay this and  
8 some will pay that. Well, if they find out that the post  
9 office rate right nearby is going to be charging a lot less  
10 for box service, sure, I think a lot would tend to gravitate  
11 there. That's what has happened in Canyon City.

12 In this portion of my testimony that you cited, I  
13 was underscoring the fee differential between group 1 and  
14 group 2 which in a lot of cases is caused by nonresident --  
15 I mean a high proportion of nonresidents will take advantage  
16 of group 2.

17 Q And do you cite Santa Monica as an example of a  
18 post office where residents may not be able to obtain boxes  
19 in a timely manner?

20 A Let me get back to that. Santa Monica has a  
21 waiting list.

22 Q Is that an example of a post office -- or why do  
23 you cite Santa Monica?

24 A Well, I cite Santa Monica because approximately  
25 half of the boxholders are nonresidents, and I further go on

1 to say that it appears to be a prestige address, at least  
2 this is the information I got from the locals, local postal  
3 officials, and that the office has a waiting list.

4 Q In your supplemental response to OCA-T7-38, you  
5 stated that the Woodbridge, California, Steamboat Springs,  
6 Colorado, Friday Harbor, Washington, Lynden, Washington,  
7 Stanwood, Washington, Oroville, Washington, and South Cle  
8 Elum, Washington post offices have high proportions of  
9 nonresident boxholders and no available boxes for residents.

10 I would like to focus on Lynden, Washington.  
11 Please explain why you were concerned about the  
12 circumstances in Lynden and why you cited Lynden as an  
13 example for this case.

14 A I was -- I have received information from post  
15 masters and district managers and even an area manager  
16 concerning the various post offices, some of them, that will  
17 have the high proportion of nonresident boxholders, and  
18 Lynden fits in with this group that does not have --  
19 currently doesn't really have any available boxes for the  
20 residents of this town that would like to get them.

21 Q And that's a problem?

22 A Well, it's a -- I don't know whether I would say  
23 it's a problem; it's just something that we would like to  
24 avoid, turning anybody away for service, be they nonresident  
25 or resident. If that constitutes a problem, then perhaps it

1 is; however, I would more refer to it as a situation where  
2 we can identify easily nonresident boxholders who are  
3 creating a situation within a community that may be  
4 disruptive to the residents of the community.

5 Q In the answer to DFC-T7-4, you stated that the  
6 Postal Service is not more concerned about a resident  
7 customer obtaining box service in a timely fashion over a  
8 nonresident customer.

9 A Let's see. That was T7-4?

10 Q Yes.

11 A Correct.

12 Q So you're concerned in Lynden about the fact that  
13 no one can obtain boxes, not just residents?

14 A Well, that's what I said. The Postal Service  
15 doesn't like to turn anyone away, but in order to identify  
16 specific situations with respect to nonresident boxholders,  
17 I chose those offices -- I mean, I included those offices to  
18 show that here is another aspect of nonresident boxholders  
19 that could be perceived as inconvenient to residents in a  
20 community.

21 Q I'm confused by your response to DFC-T7-6. You  
22 stated in the sentence starting with "specifically," quote,  
23 "The Postal Service has determined that nonresident  
24 boxholders are more apt to present costlier situations than  
25 nonresidents." Should the last word be "residents"?

1           A     Oh. It should be residents. I believe --

2           THE WITNESS: Let me ask my counsel.

3           Yes, I think that should say residents.

4           MR. RUBIN: Yes. It looks like --

5           THE WITNESS: It's something we didn't pick up.

6           MR. RUBIN: It would be helpful if we could  
7 correct that in the -- before it goes into the record or  
8 before it gets transcribed, at least.

9           PRESIDING OFFICER QUICK: Well, do you want to do  
10 that right this minute, or do you want to wait? Why don't  
11 we do it when we have our break, all right?

12          MR. RUBIN: Okay.

13          THE WITNESS: Okay.

14          MR. RUBIN: Yes. I guess we could get -- the  
15 witness could state now what she would like to say in that  
16 sentence in her answer, if that's okay.

17          PRESIDING OFFICER QUICK: All right. Would you  
18 please state the corrected version of what you want to say.

19          THE WITNESS: Thank you. Yes.

20                 Specifically, the Postal Service has determined  
21 that nonresident boxholders are more apt to present costlier  
22 situations than residents. And it says nonresidents here,  
23 but I intended it to say residents, and I --

24          PRESIDING OFFICER QUICK: All right. And will you  
25 at the break please correct that on the copies submitted?



1 MR. RUBIN: Yes, I will.

2 PRESIDING OFFICER QUICK: Thank you.

3 Go ahead, Mr. Carlson.

4 THE WITNESS: Thank you.

5 BY MR. CARLSON:

6 Q Can you cite -- let me back up and say that in  
7 support of that statement, you cited Mr. Landwehr's  
8 testimony.

9 A Correct.

10 Q Could you point to one place in Mr. Landwehr's  
11 testimony where he explains that a nonresident boxholder is  
12 more likely than a resident boxholder to present costlier  
13 situations to the Postal Service.

14 A I'd have to -- I don't have a copy of Witness  
15 Landwehr's testimony with me here, so -- but I know here,  
16 within this interrogatory response, maybe this will explain.  
17 Within this interrogatory response, I used this -- the cite  
18 to his testimony to show the different situations at the  
19 post offices that he described. And as we heard from  
20 Witness Landwehr earlier, the nonresident boxholders in  
21 those offices do present costlier situations, at least  
22 that's -- I will stand by that, but I -- I -- that was my  
23 reference to his testimony, was these unusual incidences in  
24 some of these offices that would be costlier for the Postal  
25 Service than an office that did not have the nonresident

1 problems.

2 Q Did you hear anything today where he compared the  
3 cost of a nonresident boxholder with a resident in order to  
4 form the conclusion that a nonresident was more likely than  
5 a resident -- I heard that there are nonresident boxholders  
6 who cause certain problems, but I didn't hear any  
7 comparisons that explain that a nonresident would be more  
8 likely. Did you?

9 A I would have to look at the transcript. I was  
10 here for most of his oral cross examination, but I -- I  
11 don't recall offhand. That's not to say that it wasn't  
12 said; I just don't recall.

13 Q And I also would like you to be able to look at  
14 Mr. Landwehr's testimony --

15 MR. CARLSON: And actually I'd like to request of  
16 the presiding officer that we take our recess now, because I  
17 have had a problem that I'm using a computer that I'm not  
18 very familiar with and my batter has run out of power.

19 So I would like 15 minutes to try to get a  
20 printout of the rest of my questions, and if I don't  
21 succeed, then I'll let another party proceed and I'll work  
22 on my questions.

23 PRESIDING OFFICER QUICK: Is three o'clock enough  
24 time to see whether this is going to work or not?

25 MR. CARLSON: Hopefully. Could we say 3:05 just

1 to be safe?

2 PRESIDING OFFICER QUICK: Sure. 3:05. Either  
3 that or -- if you need ~~ore~~<sup>more</sup> time, we could go ahead and let  
4 Mr. Ruderman begin his questioning and come back to you, if  
5 that would be all right.

6 MR. CARLSON: Well, maybe we'll say three o'clock,  
7 and if I'm not here, then Mr. Ruderman can proceed. And  
8 maybe in the interim, Witness Needham could also look at Mr.  
9 Landwehr's testimony for an answer to my question.

10 PRESIDING OFFICER QUICK: I don't know whether  
11 it's available or not.

12 MR. HOLLIES: I'll provide her a copy.

13 PRESIDING OFFICER QUICK: Is it --

14 MR. CARLSON: The written testimony.

15 PRESIDING OFFICER QUICK: The written testimony  
16 you're talking about. Okay. I was thinking of the oral  
17 testimony. All right. Sure. Fine.

18 All right. We'll come back at three and see where  
19 we are, and if you're not ready, we'll go with Mr. Ruderman  
20 until you get back in shape.

21 MR. CARLSON: Thank you.

22 [Recess.]

23 PRESIDING OFFICER QUICK: Mr. Carlson, would you  
24 like to give us a status report?

25 MR. CARLSON: Yes, I managed to --

1                   PRESIDING OFFICER QUICK: Or a technical  
2 situation?

3                   MR. CARLSON: I managed to find a Kinko's and a  
4 Macintosh and a printer but their computer would not read my  
5 disk in the way that it was formatted, so what I would like  
6 to do is to continue with the question that I just asked,  
7 ask a couple more and then I will leaf through my notes and  
8 see which other questions I can ask that will come back to  
9 mine.

10                  PRESIDING OFFICER QUICK: Do you -- do you know  
11 how -- do you know the number you may be missing? I mean,  
12 do you have a substantial number?

13                  MR. CARLSON: I was half way through.

14                  PRESIDING OFFICER QUICK: Half way through, okay.

15                  MR. CARLSON: So I would be willing to continue  
16 with reconstructing my questions and then deferring to the  
17 other participants and working on the rest.

18                  PRESIDING OFFICER QUICK: Let me -- let me propose  
19 this for the consideration of the witness and the Postal  
20 counsel and other participants. If Mr. Carlson is unable to  
21 reconstruct many of his questions and since Ms. Needham is  
22 due to come back here tomorrow morning on another piece of  
23 testimony, I wonder if we might consider letting her  
24 continue tomorrow after Mr. Ruderman and Mr. Popkin ask  
25 their questions so that Mr. Carlson might retrieve his

1 questions and we will -- we will defer that, unless you want  
2 to answer right now.

3 MR. CARLSON: And essentially all I'll need is  
4 the -- my AC adapter, which is in the hotel room.

5 PRESIDING OFFICER QUICK: Essentially what we  
6 would do is continue on with the questioning with the other  
7 participants and then carry over to continue in the morning  
8 with this piece of testimony and then take up the other  
9 testimony after we had finished it in the morning.

10 MR. RUBIN: Yes, I think -- I haven't -- I guess I  
11 would need to consult with the witness. My feeling is she  
12 has an awful lot on her <sup>T8</sup>~~TA~~ testimony to worry about this  
13 evening and tomorrow and it would be really nice to get the  
14 Post Office box part done today.

15 PRESIDING OFFICER QUICK: Well, it certainly would  
16 but we -- we have -- we live in this world where we are all  
17 dependent upon electricity, either battery form or as, over  
18 the weekend I found out, the wire form. I missed my  
19 electricity for 48 hours, so we do have to make  
20 accommodations and certainly your -- why don't we proceed  
21 and then you can consult with your witness, perhaps --

22 MR. RUBIN: Maybe there's a way -- well.

23 PRESIDING OFFICER QUICK: Let's go ahead,  
24 Mr. Carlson, finish your question and then we will go to  
25 Mr. Ruderman and you can see how much you might reconstruct

1 and then we will go to Mr. Popkin and then --

2 MR. CARLSON: I do appreciate the Commission's  
3 recognition that since I am here representing myself from  
4 California, I am not a professional at being prepared in --  
5 with computers and so forth, so I apologize for the delay.  
6 Whereupon,

7 SUSAN W. NEEDHAM,  
8 the witness on the stand at the time of the recess and,  
9 having been previously duly sworn, was further examined and  
10 testified as follows:

11 CROSS EXAMINATION [resumed]

12 BY MR. CARLSON:

13 Q So, Witness Needham, were you able to point to  
14 anywhere in Witness Landwehr's written testimony where he  
15 did a comparison of the fees that nonresidents -- I'm sorry,  
16 of comparison of the burdens that nonresidents cause with  
17 the burdens that residents cause?

18 A Well, that's -- did you mean in terms of costs,  
19 because that is how it was presented to me before.

20 Q I'm sorry, we can refer to it in terms of costs.

21 A Because, generically speaking, he, in his  
22 testimony, discusses burdens that nonresidents may place on  
23 Post Offices, the individual Post Offices that he described.  
24 But, as far as costs, he does not quantify the cost  
25 differential in his testimony. His is -- his testimony is

1 describing operationally situations which nonresident  
2 boxholders could be causing in Post Offices, the ones that  
3 he named in his testimony. And my reason again for citing  
4 his testimony within this interrogatory response was to  
5 point out these situations which I, and the Postal Service,  
6 believes to be more costly than resident situations,  
7 resident boxholder situations.

8 Q Qualitatively speaking, is there anywhere in his  
9 testimony that he compares the costs that nonresidents cause  
10 with the costs that residents cause? In other words, he  
11 states, for instance, that nonresidents tend to allow their  
12 mail to accumulate. But, in my reading of the testimony,  
13 there is no statement that some sort of study or even  
14 anecdotal evidence was done that residents don't also cause  
15 their mail to accumulate in the same proportion as  
16 nonresidents do. Not total, but in the same proportion?

17 A I can't speak for Witness Landwehr's intention in  
18 his testimony. However, my assumption, based on my  
19 knowledge of the situations that he describes are dealing  
20 with situations that nonresidents would be more apt to cause  
21 than resident, such as the frequency. You mentioned the  
22 infrequency of mail pickup. I think it's fairly logical to  
23 presume that it would be easier the closer you lived to your  
24 Post Office to pick up your box mail than if you lived  
25 further away and might not have the opportunity to go by

1     that every day.

2             I think it is a fair -- a pretty fair statement to  
3     make that nonresidents would be more apt, although I have no  
4     studies to back this up, but would be more apt to allow for  
5     the overflow problem, the accumulation problem, excuse me.

6             Q     So it is a presumption but you have no evidence,  
7     personally?

8             A     I have anecdotal information. There have been no  
9     studies conducted to my knowledge and --

10            Q     So if I -- if I told you that it rained on a sunny  
11     day, could we conclude from that that it would be more  
12     likely to rain on a sunny day than a cloudy day, or would  
13     you like to know the frequency -- how often it rains on a  
14     sunny day and how often it rains on a cloudy day?

15            A     Well, the only thing I can tell you is it did rain  
16     on a sunny day a few days ago and there was a very beautiful  
17     rainbow. But, beyond that, I can't make any assumptions  
18     concerning the weather.

19            But I can point to the fact that we have noted  
20     that nonresident box customers are more apt to cause  
21     costlier situations than residents with respect to specific  
22     situations that are generally particular to nonresidents.

23            CHAIRMAN GLEIMAN: Mr. Carlson, excuse me for a  
24     moment.

25            Ms. Needham, I am kind of fascinated by what you



1 have just said. Have you ever worked with small Post Office  
2 closing cases?

3 THE WITNESS: No, I haven't.

4 CHAIRMAN GLEIMAN: Well, I can tell you and it's  
5 not anecdotal that in most small Post Office closing cases,  
6 one of the assertions that's made by townspeople is that  
7 they are going to have to travel further to go to the Post  
8 Office six miles away or 10 miles away rather than a mile  
9 away to get their mail and that that is an inconvenience for  
10 them. Now, you've just said that -- pretty much the same  
11 thing in a way in saying that if you live closer to your  
12 Post Office you are probably more likely to stop by to get  
13 your mail more often and therefore you wouldn't have some of  
14 these problems that Witness Landwehr spoke to.

15 If that's a major concern to the Postal Service,  
16 shouldn't we stop closing small Post Offices so that people  
17 can be close to their Post Offices and come by their boxes  
18 more often?

19 I mean, if the convenience of the customers is at  
20 issue here and clearing out mailboxes more frequently, don't  
21 you think we ought to level the playing field for everybody  
22 and allow small Post Offices all over the country just to  
23 stay open so that people can be close by to get their mail?

24 THE WITNESS: Mr. Chairman, I am afraid that is  
25 beyond the scope of my testimony or understanding. I -- I'm

1       sorry.

2                   CHAIRMAN GLEIMAN: Well, you were talking about  
3 anecdotal information so I thought since you were relying  
4 heavily on anecdotal information, rather than studies, that  
5 you might be willing to give us an anecdotal response. But  
6 if you don't want to, I'll understand.

7                   That's okay. You don't have to respond if you  
8 don't feel comfortable doing it and I apologize,  
9 Mr. Carlson, for interrupting you.

10                   BY MR. CARLSON:

11           Q       I came here from California to question the Postal  
12 Service in this case because of your assertions that  
13 nonresident boxholders are more likely to cause costlier  
14 situations for the Postal Service than resident boxholders  
15 and I still am looking for something that compares the  
16 burdens that nonresidents cause with the burdens that  
17 residents cause.

18                   In other words, a given nonresident customer,  
19 point to something that shows a given nonresident customer  
20 is more likely to cause a particular burden than a resident  
21 customer.

22           A       Well, I believe I just spoke to the infrequent  
23 tendency for more infrequent mail pickup. That's a costlier  
24 situation.

25                   The -- I know it was alluded to earlier about the

1 long-distance phone calls that have to be placed sometimes  
2 to nonresident boxholders. Let me see.

3 Pardon me taking this time. I am trying to think  
4 about that. I wasn't sure if I had addressed it in my  
5 testimony but I don't -- I don't think I -- I'm not sure.

6 You know, I would like to point out here that  
7 people, for the most part, I mean, all of our customers --  
8 everybody can get delivery, be it street delivery, box  
9 delivery, even general delivery. Box delivery is  
10 considered, for the most part, aside from those that can  
11 only -- that's their only form of delivery, it's considered  
12 a premium service and the nonresident fee is -- is geared at  
13 taking the -- I mean, I don't know if this will help but my  
14 explanation is, the nonresident fee is geared at recovering  
15 some of these costs that a certain segment of the population  
16 causes the Postal Service, without the necessity to seek  
17 higher fees for -- for all boxholders. I can't -- I still  
18 can't think of any additional costlier situations. I would  
19 have to just -- I would have to think about that or look at  
20 my testimony.

21 I can jot them down as I think of them and come  
22 back to that if you like.

23 Q My question, logically, is very simple. Yesterday  
24 I asked the expert Witness Ellard if a person wants to draw  
25 a conclusion based on a comparison of two people with two

1 characteristics to conclude that one is more likely to do  
2 something than another, we need evidence about each party.

3 I am simply looking for you to point to some  
4 evidence about the frequency with which resident boxholders  
5 pick up their mail, either qualitative or quantitative. We  
6 have heard that nonresidents tend to pick up their mail  
7 infrequently. I don't doubt that there are nonresidents who  
8 pick up their mail infrequently.

9 But you are claiming, in support of this proposal,  
10 that nonresidents are more likely than residents to pick up  
11 their mail infrequently. Where is the evidence about what  
12 residents do? If you don't have it, you can say it, but I  
13 am wondering where it is.

14 MR. RUBIN: Objection.

15 THE WITNESS: Thank you.

16 MR. RUBIN: We've been going back and forth on  
17 this for a while. I think Witness Needham has answered his  
18 question. He is now arguing with the witness and he is  
19 asking for legal conclusions.

20 She stated her understanding that there are  
21 qualitative differences between offices serving largely  
22 nonresident populations and other offices and I think one  
23 can draw conclusions about the -- how much costlier  
24 nonresidents are than residents and it's something we can  
25 argue --

1           PRESIDING OFFICER QUICK: Mr. Rubin, the witness  
2           is the person who is supposed to be responding substantively  
3           to these questions and if you object to the question, that's  
4           one thing, but to testify for her, let's avoid that if we  
5           can.

6           MR. RUBIN: Well, I was trying -- I mean, I've  
7           argued that I am objecting on the basis that she has already  
8           answered his question and I was trying to summarize her  
9           answer.

10          PRESIDING OFFICER QUICK: Fine.

11          Mr. Carlson, do you want to proceed? Do you want  
12          to --

13          MR. CARLSON: The cross-examination is, you know,  
14          is sticking to the scope of the testimony. In the  
15          testimony, she cited Witness Landwehr as evidence that  
16          nonresidents are more likely to cause burdens than residents  
17          and she has not given me an example of a comparison of the  
18          frequency of a particular behavior between residents and  
19          nonresidents and I don't see how that conclusion that  
20          nonresidents are more likely to engage in a particular  
21          behavior than residents without some evidence of what  
22          residents do. So I don't think the question has been  
23          answered.

24          CHAIRMAN GLEIMAN: She has responded to your  
25          question, however, hasn't she?

1 MR. CARLSON: If she doesn't have evidence about  
2 what resident boxholders do, then --

3 CHAIRMAN GLEIMAN: That's a response, I guess,  
4 isn't it?

5 BY MR. CARLSON:

6 Q Is that your response?

7 A Actually, first, I would like to -- I beg to  
8 differ with the statement that you made saying that I had  
9 stated that nonresident boxholders were more costly because  
10 of infrequent mail pickups. I -- there is a tendency of --  
11 and I don't quite know the wording but this was before the  
12 other discourse started that I wanted to point that out.

13 I said that is one -- one costlier aspect that  
14 nonresidents anecdotally, as provided to me, would be more  
15 apt to cause than resident boxholders by the very nature of  
16 the fact that they are nonresidents of that town or city  
17 where they are obtaining box service.

18 As far as, again, my reference to Witness  
19 Landwehr's testimony, I was pointing out situations where he  
20 identified offices with nonresident boxholder situations  
21 that were costly to the Postal Service above those that  
22 residents would be causing.

23 Although he does not quantify the costs in his  
24 testimony, it is still my testimony that nonresident  
25 boxholders would be more apt to present costlier situations

1 and that is based on anecdotal information and also the cite  
2 to Witness Landwehr's testimony although he does not  
3 specifically go into any costs and no cost studies have been  
4 done.

5 Q And he doesn't compare the two; he just states  
6 that nonresidents engage in these activities. Isn't that  
7 true?

8 A He is pointing out the situations that result from  
9 high proportion nonresident boxholder populations in those  
10 specific towns that he cited.

11 MR. CARLSON: Mr. Presiding Officer, on the  
12 objection, my position is -- is simple, that Witness Needham  
13 has not answered the question whether or not evidence exists  
14 about the burdens that residents cause that would allow us  
15 to compare nonresidents and residents. So I don't believe  
16 it has been answered and I will move on after a ruling on  
17 the objection takes place.

18 PRESIDING OFFICER QUICK: Well, let's move on.

19 Do you want to continue without your computer now  
20 or do -- is that your desire?

21 MR. CARLSON: Well, that was the first question of  
22 the few that I was hoping to cover before I proceed.

23 PRESIDING OFFICER QUICK: Fine, we'll continue.  
24 Just go ahead and continue, without your electronic helper.

25 MR. CARLSON: Okay.

1 BY MR. CARLSON:

2 Q In your response to DFC-T7-10, I should say that I  
3 asked or I quoted your testimony at page 38, lines 2 through  
4 4, where you stated that many ATM customers will pay a  
5 transaction fee "if they use their ATM card at a bank other  
6 than their own bank or branch of their main bank."

7 So in referring to this interrogatory, I am  
8 wondering if you can cite an example of a bank that charges  
9 one fee for using an ATM that is located at the customer's  
10 branch of that bank and a higher fee for using an ATM that  
11 is located at a different branch of that same bank, but  
12 owned and operated by that same bank?

13 A Okay. Thank you. I believe that this is a  
14 follow-up interrogatory --

15 Q Yes.

16 A -- and I would like to check with counsel as to  
17 when the due date of that interrogatory or --

18 MR. RUBIN: I think we can try to deal with that.

19 THE WITNESS: Okay.

20 PRESIDING OFFICER QUICK: Ms. Needham, you are the  
21 witness. You need to respond to the questions. Your  
22 counsel is not the witness. So if you could just answer the  
23 question, that would be helpful.

24 THE WITNESS: Well, I'm working on that  
25 interrogatory right now. I haven't completed it, so I don't



1 have an answer right now. I didn't know if I was supposed  
2 to answer definitively, I don't know, or I don't know but  
3 the interrogatory isn't -- the responses aren't due and I  
4 won't be able to get back to work on them until after I get  
5 off the stand.

6 MR. CARLSON: This is a follow-up to her original  
7 testimony, so I would have thought that she would be able to  
8 substantiate the claim in the original testimony without a  
9 great deal of delay or number of days.

10 PRESIDING OFFICER QUICK: Well, go ahead, if you  
11 can answer it now, fine; if not, just say you can't answer  
12 it.

13 THE WITNESS: The answer is I can't answer that  
14 and I have been very busy. I have got another piece of  
15 testimony, too, and I have gotten a lot of follow-up  
16 interrogatories, so I haven't had a chance to do everything,  
17 but I planned on doing everything by the due date as I have  
18 been consistently doing.

19 BY MR. CARLSON:

20 Q In Part B of that same interrogatory, I asked  
21 whether you confirmed the large majority of the ATM charges  
22 you described in lines 2 through 4 occur when customers of  
23 one bank use the ATM of another bank and you responded that  
24 you could not confirm because you have not conducted any  
25 studies. Do you stand by that answer?

1           A     I stand by that answer.

2           Q     And then in Part C I asked whether the charges  
3     described in Section B reflect the cost of the second bank's  
4     -- might reflect the cost of the second bank's involvement  
5     in the transaction and you suggested that you -- that that  
6     was possible, and you added that you do not believe that the  
7     recent sharp increases in ATM fees reflect any significant  
8     increases in cost of bank involvement in the transaction.  
9     Do you still stand by that answer?

10          A     I still stand by those -- that -- yes.

11          Q     And in Part B, could you just explain why you  
12     don't want to give me an answer since you haven't conducted  
13     a study on it? What would be wrong with your answer?

14          A     I am not a banking expert. I have experience  
15     using automated teller machines personally, but I do not  
16     know for sure if the -- if a large majority of the ATM  
17     charges result from when customers of one bank use the bank  
18     of another.

19          Q     And so if you answered, it wouldn't be reliable  
20     enough for you?

21          A     I don't think I'd use the term reliable. I am  
22     just saying that it would -- I am not an expert on it so I  
23     can't tell you definitively anything. I have not seen any  
24     information. My point here was to discuss the fact that  
25     banks will charge people to use ATM machines as a matter of

1 convenience; very similarly to the proposed nonresident fee.

2 Q Have you done any studies on whether the recent  
3 sharp increases in ATM fees reflect any significant  
4 increases in costs of bank involvement in the transaction?

5 A No, I have not, but I don't believe that they do.  
6 I believe these increases -- my opinion is the increases  
7 would stem from greater demand for ATM service, particularly  
8 outside your own network that you are working in, whether it  
9 be the branch, your local branch, or another bank, or  
10 whatever.

11 Q But you are not an expert on that?

12 A I am not an expert on that.

13 MR. CARLSON: Okay. I am going to at this time  
14 defer to Mr. Ruderman while I work on reconstructing --

15 PRESIDING OFFICER QUICK: All right. Before going  
16 to Mr. Ruderman, Mr. Carlson, if you will check in the room  
17 with Mr. Cohen of our staff, he has located, I believe, a  
18 machine that will help you out.

19 MR. CARLSON: Okay.

20 PRESIDING OFFICER QUICK: And I think we will just  
21 proceed with Mr. Ruderman in the meantime. I think he found  
22 a machine that will -- whatever we have to do, transcribe,  
23 or whatever your --

24 MR. CARLSON: Let's keep our fingers crossed.

25 Thanks.

1                   PRESIDING OFFICER QUICK: All right. Mr.  
2 Ruderman.

3                   MR. RUDERMAN: Thank you, Mr. Presiding Officer.

4                   CROSS EXAMINATION

5                   BY MR. RUDERMAN:

6           Q       Good afternoon, Ms. Needham.

7           A       Good afternoon.

8           Q       Let me take care of a few preliminary matters  
9 first.

10                   Last evening we sent you this question, please  
11 refer to your response to information request No. 2,  
12 question 5C. Please identify the origin of and provide the  
13 calculations to derive a figure 1,293,544; if it is not  
14 found in USPS T1 or C. During or before the hearings today  
15 I spoke to counsel who is representing you, Mr. Rubin, and  
16 we agreed that our response to this interrogatory question  
17 will be furnished in writing. Does this still remain the  
18 status?

19           A       Yes. Yes, it does.

20           Q       Okay. Second, I gave Mr. Rubin another  
21 interrogatory question today which is rather long and which  
22 I do not care to read into the record now unless it is  
23 really necessary, and we agreed that -- this concerns  
24 information request No. 3 and information request No. 2. We  
25 agreed that we would -- that you would either provide a

1 response to this question later on today or tomorrow. I  
2 assume tomorrow would be preferable. Is that still  
3 agreeable with counsel?

4 MR. RUBIN: Another alternative would be for us to  
5 provide a written response to this.

6 MR. RUDERMAN: That's also fine.

7 MR. RUBIN: I guess we'd prefer that. We can get  
8 that done this week.

9 MR. RUDERMAN: All right. Let the record note  
10 that there is a question that has been submitted to the  
11 Postal Service which Ms. Needham or someone in their place  
12 will provide a written response to.

13 BY MR. RUDERMAN:

14 Q To some extent, this question has been asked, but  
15 I just want to make sure the record is clear. In  
16 preparation of the nonresident proposal, did the Postal  
17 Service contact any nonresident boxholders to ascertain why  
18 they rent post office boxes outside of the area of their  
19 residence?

20 A Not to my knowledge, although I believe that's a  
21 -- well, a question better directed to Witness Lion, I  
22 believe had done the --

23 Q Let me ask you this one question, then. We have  
24 been asking questions to all witnesses, and I know myself  
25 and my colleagues have been under the impression that you

1 were the person primarily responsible for organizing and  
2 preparing and providing overview of the Postal Service  
3 proposal. Is that not correct?

4 A Among perhaps management, I would say on a staff  
5 level, that would probably be me and my assistants.

6 Q So if we were having an overview question, you  
7 would be the right person to direct the question to?

8 A Well, I'd certainly answer those that I could.

9 Q Well, you just referred me to Mr. <sup>Ellard</sup>~~Eller~~, and  
10 answered basically that you are not aware of any incidents  
11 where the Postal Service has tried to contact nonresident  
12 boxholders to ascertain why they rent boxes outside the area  
13 of their residence?

14 A That's my understanding.

15 Q Okay. Could you please refer to OCA interrogatory  
16 T7-39A.

17 A Okay.

18 Q In your opinion, if the Postal Service earned more  
19 revenues from post office boxes, would the Postal Service  
20 increase the number of post office boxes?

21 A I believe that it would certainly provide for  
22 expansion. It would help provide for expansion. As to  
23 whether or not operationally that decision would be is, of  
24 course, out of my hands, but I do believe that additional  
25 revenues could provide for box expansion.

1           Q     Are you aware of any policy that has been  
2 initiated to provide for this sort of expansion?

3           A     No, I'm not.

4           Q     Could you please tell me what the Postal Service's  
5 policy is now toward increasing post office box capacity at  
6 facilities where there is a waiting list?

7           A     Well, I know that it's done on an individual basis  
8 by office with approval. I don't know of any specific  
9 generic type of regulation or policy.

10          Q     Would you describe the Postal Service's policy to  
11 the extent it exists as an ad hoc policy?

12          A     I'm not entirely sure, but I wouldn't be surprised  
13 if that's the case.

14          Q     Do you have any opinion as to the likelihood that  
15 the Postal Service would change its policy to a systemwide  
16 or systematic increase of post office boxes if the cost  
17 coverage for post office boxes is increased to let's say 128  
18 percent?

19          A     I'm sorry, could you repeat the first part of  
20 that.

21          Q     Sure. Do you have any reason to believe that the  
22 Postal Service would change its policy to a more systematic  
23 type of policy if the cost coverage for post office boxes is  
24 increased to approximately 128 percent?

25          A     When you say change its policy to a more

1 systematic policy, with respect to -- what are you speaking  
2 of?

3 Q Well, implement a nationwide policy of reviewing  
4 post office boxes and facilities where there is a shortage  
5 of post office boxes and attempt to expand the availability  
6 of post office boxes where there is a waiting list?

7 A I'm afraid that's out of my purview. I don't  
8 think I could answer for the Postal Service. I can only  
9 note that additional revenue coming from post office boxes  
10 would -- could be used for box expansion if applicable. But  
11 that's about as far as I can go. I'm not -- I don't work in  
12 operations. I'm not -- our office doesn't make those kind  
13 of decisions.

14 Q It could be used for a thousand other things, too,  
15 I assume.

16 A I suppose so.

17 Q Please refer to your answer to OCA Interrogatory  
18 T7-40B.

19 A Okay.

20 Q I just want to obtain some clarification to your  
21 answer. That interrogatory asks if increasing post office  
22 box fees will shorten waiting lists and obviate the need for  
23 most post office boxes. Your answer was that while waiting  
24 lists might be shorter, any location with a waiting list  
25 would benefit from more boxes.



1           A     Correct.

2           Q     Why would a reduction in a waiting list produce  
3 more boxes at a facility, or am I misreading your answer?

4           A     I don't understand the question. Could you repeat  
5 it?

6           Q     Sure. The question I -- the way I interpret your  
7 answer, and I could be corrected, why would a reduction in a  
8 waiting list produce more boxes at a facility? I read your  
9 answer as saying that a reduction in waiting list would  
10 produce more boxes, would benefit with more boxes, I guess.

11          A     Right. I say, while waiting lists -- I couldn't  
12 confirm, and I stated, while waiting lists might be shorter,  
13 any location with a waiting list would benefit from having  
14 more boxes available.

15          Q     So all you're doing is just making a general  
16 statement that if you increase the boxes at a facilities  
17 there is a waiting list, this would benefit the situation,  
18 improve the situation; is that correct?

19          A     I'm saying that that would -- there would be a  
20 benefit, yes, from having more boxes in an office that has a  
21 waiting list. Even if it still left a waiting list, at  
22 least you would be responding to the consumer demand.

23          Q     Okay. Could you please turn to your response to  
24 interrogatory T7-43.

25          A     Okay.

1           Q     What is the basis for your statement that often  
2 post office box customers also receive carrier delivery of  
3 some mail at their homes or businesses?

4           A     My basis for that statement is I guess Workpaper D  
5 of Witness Lyons testimony, which gives the box counts by  
6 groups. The current fee groups now in 1 and 2 receive --  
7 are delivery offices. That makes up -- of the 18 million  
8 boxes currently, all but 2.7 million are in delivery  
9 offices; therefore, the people would have delivery.

10          Q     They may have the opportunity to receive delivery  
11 --

12          A     Right.

13          Q     -- but do you know that they actually do receive  
14 delivery?

15          A     Well, I think we've noted that there might be a  
16 few instances in some offices where there might not be  
17 carrier delivery that are currently maybe a Group 2 office.  
18 But I believe that that is the exception and not the rule.  
19 Therefore, I will still state that I think -- believe that  
20 most post office box customers would be eligible for some  
21 type of carrier delivery at their homes or businesses.

22          Q     Okay. They would be eligible, but you do not know  
23 if they actually do receive delivery?

24          A     No, I wouldn't be surprised if they did receive  
25 mail at both places.

1 Q You're just surmising; isn't that correct?

2 A Well, I'm -- I also have -- I mean, I do know that  
3 carriers go -- there is bulk mail that's addressed to  
4 Resident. Now, that's delivered to houses whether or not  
5 the primary destination of their mail is a box. So I think  
6 it's a fairly safe assumption that most residents could  
7 obtain bulk business mail.

8 Q Could you please refer to your response to  
9 Interrogatory 38?

10 A The supplemental or the --

11 Q The supplemental, the one that Mr. Carlson was  
12 discussing.

13 A Sure. Okay.

14 Q That interrogatory asked you, and let me read it  
15 into the record, please identify any Postal facilities where  
16 there have been complaints concerning nonresident  
17 boxholders.

18 I would like to stress the word complaints for a  
19 minute.

20 A Um-hum.

21 Q You provide a list of many Post Offices that fall  
22 within the category where the Postal Service management  
23 faces challenges.

24 A Right.

25 Q Could you identify which of these facilities there

1 have been complaints by members of the public concerning the  
2 service of nonresident boxholders?

3 A Gee, I don't know anything about the general  
4 public. This -- the information here strictly comes from  
5 Postal Service employees with the viewpoint of the Postal  
6 Service.

7 Q To each of the listed facilities in response -- I  
8 the supplemental response, do they represent situations  
9 where local postmasters have complained to upper management?

10 A Perhaps, perhaps so. I am not sure of each -- if  
11 formal complaints were registered with each one with upper  
12 management but they have been identified by either the  
13 postmaster or the district manager or like I mentioned in  
14 some cases the service area manager, vice president is  
15 situations in which challenges, opportunities, whatever  
16 problems or complaints coming from Postal Service employees,  
17 specifically postmasters, have been made.

18 Q So your answer is, perhaps?

19 A Perhaps, although I don't know specifically  
20 because I haven't seen anything in writing, any formal  
21 complaints.

22 Q Okay. Now, could you just explain briefly how  
23 these supplemental responses, supplemental facilities came  
24 to your attention? Were they the result of an initiative on  
25 your part or someone else in the Postal Service to respond

1 to Interrogatory 38 or were these -- were you aware of these  
2 things prior to Interrogatory 38? Aware of these  
3 facilities, I'm sorry.

4 A I was not aware of the specific facilities prior  
5 to T7-38 but I quickly got some information and this is  
6 really just from one area of the country. I -- I did not  
7 query the entire country but just one -- one area that I  
8 could easily get information from with the assistance of the  
9 vice president of the area operations.

10 Q Could you explain, please explain exactly what you  
11 did to amass this information?

12 A Well, I called the Vice President of Area  
13 Operations for the Western Region and he was able to assist  
14 me in getting the word out to his district managers and  
15 customer service representatives that checked -- checked  
16 with a few. Checked with their Post Offices and got back  
17 some information.

18 I may even still have some more information that's  
19 been coming in. I've been getting things trickling in since  
20 I filed this, so this is not an end-all to -- to the Western  
21 Area but --

22 Q So, would it be a fair statement to say that the  
23 person, the head of the Western Region or the person  
24 responsible for this contacted all or sent out some sort of  
25 notice to Postal facilities in the Western Region and asked

1       them to indicate if there's a problem?

2           A       Yes, through his district managers, yes, he did.  
3       This is -- I would like to note that this is distinct from  
4       perhaps any other things that might have been reported but  
5       this was just at this point where are there nonresident  
6       boxholder problems that you could easily identify. This is  
7       not to say that, you know, there might have been complaints,  
8       like I said, filed before but I am not in possession or  
9       knowledge of those.

10          Q       We may have touched on it to some extent. Are you  
11       aware of any complaints received by the postmaster or  
12       management at the Sioux-St. Marie facility concerning  
13       nonresident boxholders? Let me --

14          A       Yeah.

15          Q       I'm referring to complaints from the public, from  
16       the Postal Service customers.

17          A       Oh, okay. No, I am not. I am not familiar with  
18       any complaints from the public to any of these offices I  
19       have mentioned here. With respect to the nonresident  
20       boxholder. That's not to say there aren't any but I am not  
21       familiar with any.

22          Q       Sure. Saves me a couple other questions.

23          A       Okay.

24          Q       As to the Brookings office, do the nonresidents  
25       cause accumulation problems because they fail to pick up

1     their mail on a regular basis? If you don't know the  
2     answer, you know, just indicate so.

3           A     I -- that could be but I don't know. What was  
4     told to me about Brookings was that it provided that Oregon  
5     address close to California where vehicles could be  
6     registered in Oregon as opposed to California where it was  
7     more expensive, and that's why it was -- that was a popular  
8     office noted by California residents who want to pay a lower  
9     vehicle registration fee.

10          Q     There is nothing, per se, bad for a person having  
11     a Post Office box in order to pay a lower vehicle  
12     registration fee, is there?

13          A     I guess that's sort of a moral question. I  
14     wouldn't do it myself. I have known of people who have done  
15     it that maintain D.C. tags when they move to Virginia so  
16     they won't have to pay the personal property tax, but --

17          Q     As to the Canyon City, Battleground and Amboy  
18     offices, do the nonresidents cause accumulation problems  
19     because they fail to pick up their mail on a regular basis?

20          A     Again, I am not sure if that is one aspect of  
21     these customers, the nonresident customers. Specifically, I  
22     note that they have large nonresident populations because  
23     they are lower fee offices than the -- than the resident  
24     offices.

25          Q     Okay. Could you please turn to your response to

1 Interrogatory OCA-T7-27.

2 A Would that be 27(a) or (b) through (f)?

3 Q (a), please.

4 A Okay.

5 Q That question asked you if there were restrictions  
6 in the DM, the DMM or the DMCS which would prevent the  
7 Postal Service from giving priority to residents and your  
8 response is that in developing my proposal, I did not have  
9 personal knowledge of any restrictions that would prevent  
10 the Postal Service from giving priority to residents.

11 A Um-hum.

12 Q As of today, do you have any knowledge?

13 A No. No, I don't.

14 Q Similarly, you are still unaware of any  
15 international treaties or agreements which would prevent  
16 limiting the nonresident fee to foreign nationals?

17 A Oh, excuse me. What question was that?

18 Q Well, without trying to search the -- search my  
19 interrogatories for it, there was a question in which you  
20 were asked if you were aware of any international treaties  
21 or agreements which would prevent limiting the nonresident  
22 fee to foreign nationals. Do you remember that question?

23 A Well, I remember the question. Without seeing my  
24 response, I would -- I could answer you saying my response  
25 would be the same today as it was when it was prepared.



1 Q It's T7-30, but your answer is quite adequate.

2 A Thank you.

3 Q Could you please turn to your response to  
4 interrogatory T7-31C.

5 A Okay.

6 Q In your opinion, is the appropriate response by  
7 the Postal Service to increase competition for mail box and  
8 other competitors, to increase post office box rates?

9 A Our answer to -- is our answer to the increased  
10 competition to increase post office box fees?

11 Q Yes. Is it appropriate for the Postal Service to  
12 increase post office box rates because of the increased  
13 competition from private enterprises?

14 A Well, I discussed in my testimony the availability  
15 of I believe it's criterion 5, the availability of  
16 alternatives. My testimony proposes that it's fair for the  
17 Postal Service to increase fees for post office boxes,  
18 premium service, which is just barely making 100 percent  
19 cost coverage right now, and a lot of different criteria  
20 were looked at. One of them was the available alternatives  
21 and as the interrogatory states, I notice that there, you  
22 know, at least with potential major alternative, Mail Boxes  
23 Etc., there has been a substantial increase over the last  
24 six years in their number of centers. That certainly  
25 provides more alternatives to Postal Service customers, box

1 customers.

2 Q In your opinion, as a principle, is it appropriate  
3 for the Postal Service to increase rates in light of  
4 increased competition?

5 A I think it's -- in my opinion, it's -- the fee  
6 increase, yes.

7 Q And for -- we are on to a different subject now.

8 A Okay.

9 Q For the test year, do post office box attributable  
10 costs include the costs of determining residency for post  
11 office boxholders?

12 A The test year cost?

13 Q Yes.

14 A Not to my knowledge.

15 Q Do you know what the costs will be for the Postal  
16 Service to determine residency for post office box renters?

17 A No, I don't. I know that they would be -- it  
18 would be at least my impression right now is that it would  
19 be eligibility, that sort of process would be done when the  
20 person comes to renew their box service agreement. It would  
21 be part of that cost, and it's -- perhaps something  
22 additional, but I'm not -- to my knowledge, it wasn't  
23 included in the costing that <sup>Mr.</sup>~~Ms.~~ Patelunas did.

24 Q The annual fee for nonresidency will be \$32, but  
25 you do not know how much cost the Postal Service would incur

1 in handling this \$32 additional charge?

2 A Excuse me, it's \$36.

3 Q 36, I'm sorry.

4 A Okay. Yeah, the proposed --

5 Q I apologize.

6 A No. No. That's -- it's market-based, it's a  
7 market-based proposal, and we don't have any specific costs  
8 to back it up, but again I stress that as opposed to  
9 proposing higher fees for the overall boxholder population,  
10 Postal Service identified a group that, for whatever reason,  
11 was obtaining box service outside of their local post  
12 office, and felt that like many other nonresident fees, that  
13 a fee to capture these costs, that these people were seeking  
14 convenience or prestige, whatever, for -- was fair and  
15 equitable.

16 Q I'm sorry, you answered no to my question and then  
17 you went on and now you've given some cloudiness to your  
18 answer. Will the Postal Service incur costs to determine  
19 residency of post office box holders?

20 A Oh, had you asked me that question? I'm sorry. I  
21 didn't hear it that way.

22 Q Well, I'm stepping back, to make it simpler.

23 A Oh. Yes, I said it as part of -- there would  
24 probably be a little additional time when people come to  
25 renew their box service agreement, so I am not -- I wouldn't

1 be surprised. I don't have any study on how much longer it  
2 would take to establish residency, but --

3 Q So you don't know what the cost of administering  
4 the nonresident fee will be?

5 A No.

6 Q Okay. I have a tendency to speak in a negative  
7 form.

8 The answer is -- the answer would be yes, you do  
9 not know the cost?

10 A Or I do not know.

11 Q Thank you.

12 A Thank you.

13 Q Could you please turn to your response to T7-27C.

14 A Okay.

15 Q Please assume that a rental agreement with a  
16 nonresident boxholder contains a provision stating that box  
17 office service would not be renewed if demand by residents  
18 exceeds the supply of available post office boxes. Why  
19 would forcing nonresident boxholders out of their boxes be,  
20 and I'm quoting, "an administrative nightmare"?

21 A Well, it would be time-consuming, administratively  
22 it would be burdensome. There would be switches going  
23 around. I think it's, above all, bad PR for the Postal  
24 Service to say, oh, you can't have this box, you have had it  
25 for, you know, 20, 30 years, but we can't let you have it

1 any more because you live in another town and so-and-so that  
2 just came in wants to get this box. It wasn't our intention  
3 to prevent people from getting box service.

4 Q The factual predicate of the question was that  
5 when the nonresident boxholder first leases the post office  
6 box, he is notified that if a resident desires to rent the  
7 box, that he may have to terminate his agreement, so the  
8 boxholder knows in advance when he rents the nonresident box  
9 that he may have to -- his agreement may be terminated. So  
10 could you explain why that would be a problem for the Postal  
11 Service?

12 A Oh, this is something new to that interrogatory  
13 response?

14 Q Well, that was the question I read to you.

15 A Okay. All right. Well, that puts a new twist on  
16 the interrogatory. I still feel that it would be  
17 administratively burdensome to interrupt a box service,  
18 period. Are you speaking of interrupting it or would this  
19 be at the end of the -- at the end of the period this person  
20 may be told you have to vacate because we have a resident  
21 boxholder that's coming in?

22 Q Yes.

23 A Okay. Well, there are additional -- you know,  
24 there's an additional cost to that. Like I said, there's  
25 the -- there's bad PR. Administratively it might not be as

1 burdensome if you -- if you went to the situations that were  
2 described in the original interrogatory.

3 Q And PR wouldn't be nearly as bad, either.

4 A I -- no, it shouldn't be.

5 Q Could you please refer to your response to OCA  
6 interrogatory T7-15A. You state that should documents be  
7 located where management at local facilities have complained  
8 to higher level functional units about nonresident  
9 boxholders, you would provide the documents. Have you found  
10 any such documents yet?

11 A No, I haven't.

12 Q Could you please turn to your response to  
13 interrogatory T7-38.

14 A Okay.

15 Q Again --

16 A The supplemental or the --

17 Q The supplemental. That's the latest version.

18 A Okay.

19 Q In that interrogatory, and in interrogatory T7-  
20 11, you state that any post office in the country could be  
21 considered a vanity address.

22 A Correct, by whomever.

23 Q Well, if any office could be considered a vanity  
24 address, why were the offices that you provided in response  
25 to interrogatory T7-38 identified?

1           A     Well, I was not aware of those offices at the time  
2     I prepared the response to T7-11.

3           Q     But you did state that any post office in the  
4     country could be considered a vanity address?

5           A     Sure. And I'm not stating that all the ones in 38  
6     are vanity addresses, either. They were identified as  
7     offices with Postal Service problems concerning nonresident  
8     boxholders.

9           Q     Is it your statement that any post office in the  
10    country could be considered a vanity address basically an  
11    expression of opinion based on the eyes of the person who is  
12    making the statement?

13          A     Sure, it's -- it depends on the person. I mean --

14          Q     Okay.

15          A     Yeah.

16          Q     Could you please turn to your response at OCA  
17    interrogatory 7-14B.

18          A     Okay.

19          Q     If nonresidents are not the sole cause of waiting  
20    lists, could you please identify other reasons for waiting  
21    lists?

22          A     Sure. For whatever reasons, the number of boxes  
23    in a facility doesn't meet the demand, be they from, you  
24    know, nonresident or resident customers.

25          Q     Could you please -- are you aware of any of these

1 reasons that would cause there to be an insufficient  
2 capacity vis-a-vis the demand?

3 A I am not quite sure I understand.

4 Q Well, what are the reasons that there is more  
5 demand than there is capacity, other than nonresidents?

6 A Well, I said for whatever reasons, maybe perhaps  
7 businesses have been known at times to rent a number of  
8 boxes for different reasons -- one for general  
9 correspondence, billing, you know, that sort of thing,  
10 customer service.

11 There may be some businesses located in towns or  
12 cities that would occupy multiple boxes and --

13 Q Did you look into the reasons why there's  
14 insufficient capacity for post office boxes throughout the  
15 country?

16 A And when you say "insufficient capacity" --

17 Q Capacity for -- insufficient capacity to meet the  
18 demand throughout the country.

19 A No, I haven't investigated that. I do know that  
20 in some situations we are looking at older facilities that  
21 were, you know, built way back when, and as we heard from  
22 Witness Landwehr, some of these are getting updated to be  
23 brought into present day box demand, you know, type  
24 situations.

25 Q One last question.



1 A Sure.

2 Q Would you please turn to Interrogatory 21, COCA  
3 Interrogatory 21.

4 A Okay.

5 Q In the second line, you state that no specific  
6 dollar amount that would cover all costs caused by  
7 nonresidents can be pinpointed.

8 Does your answer mean that the Postal Service is  
9 unable to quantify the costs caused by nonresidents? This  
10 question has been asked before, more or less.

11 A Yes, I think that is a fairly safe thing to say.  
12 We can't. We realize there are costs there.

13 MR. RUDERMAN: Thank you.

14 THE WITNESS: Thank you.

15 MR. RUDERMAN: That completes my cross  
16 examination.

17 PRESIDING OFFICER QUICK: Mr. Popkin.

18 MR. POPKIN: I'd like to clear up a procedural  
19 matter, since this is my first opportunity at oral cross  
20 examination at a postal hearing and also since I am not an  
21 attorney, I am not aware of this, but my perception is that  
22 if I ask follow-up interrogatories that once I come down  
23 here I sort of waive my right to get any answers to the  
24 interrogatories.

25 In other words, what I did was -- I did not ask

1 any of the specific questions that I felt would be easier  
2 answered and more from my terms more reliably answered in  
3 writing rather than take up the time of the hearing to just  
4 sit and read them and, you know, get a response.

5 Based on that, I would like to recall Witness  
6 Landwehr to the stand.

7 PRESIDING OFFICER QUICK: Well, I think right now  
8 if you have any questions for Witness Needham, you should  
9 ask them.

10 MR. POPKIN: Well, my response -- my knowledge of  
11 this would depend on how I asked them. In other words, if I  
12 feel -- if I am being cut off from getting written  
13 responses, as the implication seems to be, once I come here  
14 then obviously I am going to go through each of my  
15 interrogatories that I filed last week as follow-ups and  
16 make sure that I have all of the answers that I feel I need.

17 In other words, what I was doing with Witness  
18 Landwehr was to in my mind avoid asking those items that I  
19 felt I was going to get a written response to and I was  
20 going to get a reliable written response to, and therefore I  
21 saw no need to take time here to just ask the question  
22 because I was here.

23 PRESIDING OFFICER QUICK: I think we will take a  
24 10-minute break and when we come back we will address your  
25 question.

1 MR. POPKIN: Thank you.

2 PRESIDING OFFICER QUICK: Before you go though,  
3 Mr. Carlson, how much more question -- how much more time do  
4 you expect to take with Witness Needham?

5 MR. CARLSON: I believe on the order of 15  
6 minutes, not more than 30, would be sufficient.

7 I am probably three-quarters of the way through my  
8 questions.

9 PRESIDING OFFICER QUICK: All right -- and Mr.  
10 Popkin, do you have questions for Witness Needham?

11 MR. POPKIN: Yes, I do.

12 PRESIDING OFFICER QUICK: Do you have any idea,  
13 can you give us some idea of what time you would be required  
14 to get your questions in?

15 MR. POPKIN: Probably somewhere in the vicinity of  
16 a half-hour.

17 PRESIDING OFFICER QUICK: Okay. Thank you very  
18 much.

19 We'll come back at 4:25.

20 [Recess.]

21 PRESIDING OFFICER QUICK: Go back on the record.

22 Mr. Popkin, let me clarify in my own mind, if I  
23 can, your request. You submitted interrogatories for  
24 ~~Mr.~~ <sup>Ms.</sup> Landwehr and Mr. Needham which have not yet been  
25 responded to; is that correct?

1 MR. POPKIN: Well, originally I filed  
2 interrogatories.

3 PRESIDING OFFICER QUICK: At the point --

4 MR. POPKIN: Prior to the cutoff. I filed --

5 PRESIDING OFFICER QUICK: When you submitted your  
6 request for cross-examination, you submitted some  
7 interrogatories at the same time; is that correct?

8 MR. POPKIN: Correct. Last week, I submitted a  
9 number of followup interrogatories for both of them.

10 PRESIDING OFFICER QUICK: And this morning you did  
11 not -- the situation this morning, you did not realize you  
12 could ask those interrogatories at this point?

13 MR. POPKIN: I realized I could ask them but I  
14 felt that the ones I would not have a problem in getting a  
15 direct response to, I didn't bother asking in many or most  
16 cases because I felt, you know, I'll be getting the written  
17 ones in two weeks and, you know, that's good enough. You  
18 know, so I did not -- you know, I asked --

19 PRESIDING OFFICER QUICK: All right, so you would  
20 like the opportunity to have Mr. Landwehr available again to  
21 ask those interrogatories?

22 MR. POPKIN: If possible. Or to at least get  
23 written responses to the ones I asked. As well as, of  
24 course, find out how I should proceed in the future.

25 PRESIDING OFFICER QUICK: Is Mr. Landwehr

1 available to return to the stand? Counsel, if you would so  
2 advise him to do so?

3 MR. HOLLIES: Mr. Landwehr is so available, indeed  
4 is willing to take his place on the stand again. And I  
5 guess the Postal Service position here is that, given the  
6 nature of the questions in the interrogatory set filed last  
7 Thursday, I believe it was, that direct examination, oral  
8 examination -- excuse me, cross-examination is probably the  
9 best route for everybody involved in this proceeding.

10 So given Mr. Landwehr's willingness and  
11 availability and the facts involved with these questions, I  
12 think that the most expeditious and appropriate thing to do  
13 is to recall him, perhaps, at the conclusion of Witness  
14 Needham's testimony and that could happen this evening.

15 PRESIDING OFFICER QUICK: Is he available -- I  
16 don't know how long it is going to take to conclude with  
17 Witness Needham, but is he available tomorrow as well?

18 MR. HOLLIES: Affirmative.

19 PRESIDING OFFICER QUICK: Okay, we will proceed  
20 with Witness Needham and conclude with her and you should  
21 ask all the questions you want, including those submitted as  
22 interrogatories, if you wish to. And then, after we are  
23 finished with all the questioning from the Bench and all the  
24 followup and everything with Witness Needham, we will  
25 decide, depending on what the hour is, whether we want to

1 proceed with recalling Witness Landwehr tonight. And if we  
2 don't tonight, then we will tomorrow, when we will have an  
3 additional two witnesses, including again Witness Needham.

4 So we -- is that suitable? Can we wait and decide  
5 that later?

6 MR. HOLLIES: Yes. I am confident that we can.  
7 We probably want to weave into our consideration at some  
8 point the limited availability of Witness Steidtmann. But I  
9 don't see why we can't do that.

10 PRESIDING OFFICER QUICK: Okay, tomorrow is  
11 Wednesday. Is Witness Landwehr here all day tomorrow?

12 MR. HOLLIES: I believe we can make him available,  
13 so we will be able to work around that.

14 PRESIDING OFFICER QUICK: Let's go ahead and  
15 finish with Witness Needham and then we will go from there.

16 Mr. Popkin, you ask Witness Needham your  
17 questions. Fire away.

18 CROSS EXAMINATION

19 BY MR. POPKIN:

20 Q Good afternoon.

21 A Good afternoon.

22 Q In response to my interrogatories T7-1 and T7-2,  
23 you indicate that various service area considerations would  
24 be resolved during implementation.

25 A Correct.

1           Q     Okay. Do I understand that most if not all of the  
2 shall we say guidelines for determining resident versus  
3 nonresident will be resolved during implementation?

4           A     Well, I presented -- they would be finalized  
5 prior -- during the -- during the process prior to  
6 implementation. However, what I have got in my testimony is  
7 the suggested guidelines or for right now, for the purposes  
8 of my testimony, suggestions and could be subject to change  
9 as --

10          Q     Right, in other words, well, the only suggestion  
11 that you have made is that you reside or work -- I'm  
12 paraphrasing it -- but you reside or work in the same five-  
13 digit zip code area; is that true?

14          A     That's true.

15          Q     And this is strictly your suggestion as a Postal  
16 employee, as opposed to the Post Office's claim as to how  
17 this will take place?

18          A     This is the Postal Service's proposal and it is  
19 represented in my testimony. Currently, these are just  
20 suggested guidelines.

21          Q     Well, I don't quite understand who is making the  
22 suggestion. Is it you, you as an individual or is it that  
23 the Postal Service is making a suggestion that this is the  
24 way it will be done?

25          A     The Postal Service is making the proposal through

1 my testimony that I prepared.

2 Q That still doesn't answer my question. In other  
3 words, is the Postal Service making a statement to the  
4 Postal Rate Commission that says, it is our intention at  
5 this point in time to apply this \$18 fee to people who don't  
6 reside or work in their same five-digit zip code where they  
7 get the box?

8 A The Postal Service -- it is the Postal Service's  
9 proposal with suggested guidelines as seen through my  
10 testimony. I don't know how to elaborate any further. I  
11 can only -- I can also just say that this might help clear  
12 up something, that the true -- or the factual implementation  
13 issues would be worked out at a later date and I assume a  
14 lot of that rests with -- rests with the recommended  
15 decision of the Commission and the decision by the Board of  
16 Governors' approval or --

17 Q Well, I assume that the recommended decision by  
18 the Commission will be one of three decisions: Yes, 18; no,  
19 nothing; or yes, somewhere between a penny and an infinite  
20 amount of money. In other words, that will be the only  
21 decision that can be made by the Commission.

22 In other words, the decision made by the  
23 Commission will not relate to how it should be implemented,  
24 in other words whether if I live at this street and I don't  
25 have a zip code where there's boxes, do I have to pay it or



1 not pay it. Or if I live on a rural route that is served by  
2 some other office but I live in the municipality and all the  
3 various points that have been raised by others and have been  
4 raised by me in T7-1, I don't believe the Commission will  
5 rule on them. All they will rule is, yes, you can have your  
6 \$18; no, you can't have anything; or, yes, you can have  
7 somewhere in between or above or whatever.

8 A I can't speak for the Commission however, if  
9 they -- we are asking -- the Postal Service is proposing a  
10 nonresident fee and if -- if this fee were recommended or a  
11 similar -- another fee for nonresidents, I believe then it  
12 would be up to the Postal Service to finalize details of  
13 whatever implementation.

14 Q Are you aware of any other time, either in this  
15 case or in any other case where the Postal Service has come  
16 other the Commission and said, I want something, I'm not  
17 going to tell you how it's going to be, other than here's  
18 our suggestion and may we have it, please?

19 A Well, I don't consider -- I don't consider this  
20 situation similar to that in that here's our suggestion.  
21 It's more, here's our proposal. Here's the proposal for a  
22 nonresident fee. Here's the proposal also for an increase  
23 in box fees. Here's a proposal for other special services.

24 It's not a suggestion, it's just the -- the  
25 implementation of this fee, exactly how it would be

1 implemented, has not been fully worked out or decided and,  
2 until such time, I suppose, as it's deemed necessary that we  
3 should pursue it further, I don't know if there will be, you  
4 know.

5 Q Let's take for example the increase in box rent.  
6 Or I could take any of your testimony tomorrow but that's  
7 tomorrow.

8 Is there any question, you're asking to  
9 increase -- my box rent is now \$29 for six months. You're  
10 asking to increase that to 36. Is there any question that  
11 when I get my bill in November I'm going to have to write a  
12 check for \$72 versus 58, 100 percent guaranteed if in fact  
13 this proposal is approved in time? In other words, is there  
14 any question as to how it is going to be implemented? Is  
15 there any question as to who it is going to apply to? Is  
16 there any question that we have suggestions as to who it  
17 might apply to, who it might not apply to? To me it seems  
18 plain and clear.

19 If the Commission approves and the government  
20 approves, then my check is going to be \$72 rather than \$58;  
21 is that correct?

22 A Well, I don't know your personal situation.

23 Q Assume I have a box two size in a 1-C office,  
24 which I do.

25 A Okay. Depending on -- a box two in a 1-C office

1 for --

2 Q I am conceding that the numbers are not the key  
3 thing. But they happen to be right but I am not -- the  
4 numbers are not critical to my question.

5 My question is, is there any question as to how  
6 that will be implemented, assuming it is approved as  
7 requested?

8 A I -- I can't answer the final details on what  
9 would be implemented. I can tell you that we are proposing  
10 a specific set fee. There is no question as to the amount  
11 of the fee we are proposing or that it would apply to  
12 nonresidents. As clearly as I could, I defined -- defined  
13 it in my testimony but, as I -- I prefaced the -- prefaced  
14 responses before, it is not the end-all situation.

15 Q Let me -- let me just get some specific questions  
16 then. Is it your contention that, if the Commission  
17 approves and the Board of Governors approve, that my box  
18 rent will go from \$36 -- from \$29 to \$36, period? No  
19 question, it will apply to me, it will apply to all others,  
20 and I am not questioning the actual dollar amount, but the  
21 contention that it will apply without any question as to  
22 how, when, where or why other than implementation date?

23 A For a 1-C size two or whatever?

24 Q Right?

25 A Yeah, aside from resident, nonresident, you

1 mean --

2 Q I'm not talking about resident.

3 A You mean just in general? Yes.

4 Q Okay. Will a similar cold, hard, plain simple  
5 implementation exist with respect to the  
6 resident/nonresident fee, as to exactly how it will apply,  
7 to whom it will apply, under what conditions it will apply?  
8 Does that exist today?

9 A No.

10 Q Okay. Why do you feel it's appropriate to ask the  
11 Commission for a ruling or a requested rate when you don't  
12 have all of the details now? Why are you asking them to  
13 buy, to quote the chairman, a pig in a poke?

14 A Okay. I believe you had said that, but --

15 Q No, that was the chairman who said it.

16 A Okay.

17 Q I just repeated his --

18 A Oh, I see. Okay. I remember hearing you say  
19 that.

20 Well, even though all aspects of the final  
21 implementation have -- or how it would apply have not been  
22 worked out fully, the basic premise of this nonresident fee  
23 and the proposal for it is outlined in my testimony. I  
24 don't know if -- I'm sure you've had opportunity to read  
25 that section. There is a demand, a demand for boxes by

1 nonresidents for whatever reason. Box residents --  
2 nonresidents, box residents -- nonresident boxholders would  
3 get boxes for a variety of reasons: convenience, prestige,  
4 what have you. They are more apt to be costlier than  
5 resident boxholders. And the intention is to treat these  
6 customers in a way that's similar to other nonresident fees  
7 that I've also listed in my testimony.

8           This group that we can identify as nonresident  
9 boxholders for whatever reasons can preclude residents from  
10 obtaining box service, can let mail accumulate over time  
11 more than residents. They provide some unique situations  
12 that are costly. As opposed to, as I stated before,  
13 increasing all post office box fees just to account for a  
14 population that has been demonstrated to provide more costly  
15 situations, it's fair to have a nonresident fee.

16           Q     Okay. You've answered one question and you've  
17 raised seven other questions.

18                     One, are there reasons why residents who are  
19 otherwise eligible for other types of delivery will still  
20 get a post office box?

21           A     I don't -- that are -- are there reasons why  
22 residents would want a box other than carrier delivery?

23           Q     Well, you went through a number of reasons why  
24 nonresidents may want a box, may want to get a nonresident  
25 box. Are there also reasons why a resident -- in other

1 words, I live in a house, my house -- the letter carrier  
2 passes by my house. I am eligible for city delivery  
3 service, yet I have chosen to get a post office box.

4 A Uh-huh.

5 Q Are there other individuals who are similarly  
6 situated who may want to get a post office box for whatever  
7 reason?

8 A Oh, sure. You mean residents? Sure. Post office  
9 box service on the whole is a high value of service to both  
10 residents and nonresidents.

11 Q Okay.

12 A Sure.

13 Q You indicated that nonresidents are more costly.

14 A They're apt to be more costly.

15 Q All right. Apt to be more costly.

16 A Yes.

17 Q Which one of the eight witnesses, you counting as  
18 two, has or will provide testimony as to the costs that are  
19 involved?

20 A No specific witness in this proceeding is going to  
21 be able to quantify the costs associated with nonresident  
22 boxholders. It's a high value of service, particularly for  
23 those that --

24 Q I'm not --

25 A I mean, I'm just saying that that's --

1           Q     I'm not interested whether it's a high value or  
2     low value of service. The question I have is, what witness  
3     has or will make a statement as to, one, either that these  
4     items that you're referring to -- accumulation of mail --  
5     these unique situations as you called it, are more -- is  
6     there any witness who has done a study, a quantitative  
7     study, as to indicate that these -- that residents versus  
8     nonresidents will have a greater cost in shall we say  
9     reacting to those situations?

10          A     No studies have been conducted by any witnesses in  
11     this proceeding with respect to additional costs for  
12     nonresident box service.

13          Q     Has anyone done a study with respect to whether or  
14     not these conditions or situations are committed more or  
15     less by residents versus nonresidents?

16          A     No one has done a study, although I still feel  
17     confident in saying that nonresident boxholders are more apt  
18     to provide costlier situations than residents by the very  
19     nature of the fact that they are nonresidents.

20          Q     How do you -- what is your expertise to make that  
21     statement? What is your input?

22          A     I have received anecdotal information. I have  
23     read newspaper articles that I've submitted as part of a  
24     library reference. And it's my general understanding that  
25     due to the nature of nonresident boxholders, they are more

1 apt to provide costlier situations than resident boxholders,  
2 and I am not going to say that in all cases they do. You  
3 know, there might be a resident boxholder that lets mail  
4 accumulate and a nonresident boxholder right next to that  
5 doesn't.

6 Q Well, doesn't the --

7 A I am not saying that they only do that. I will  
8 say that residents do provide for problems, but I will say  
9 that nonresidents would be more apt to provide costlier  
10 situations.

11 Q 51 to 49 percent more? 52 to 48? Can you  
12 quantify any indication that we can have that will show that  
13 this does, in fact, exist?

14 MR. RUBIN: Objection. I think this whole -- this  
15 line of questioning has already received an answer and I  
16 don't think we're getting any further.

17 PRESIDING OFFICER QUICK: Do you have other  
18 questions you can -- I mean, if --

19 MR. POPKIN: It's just that we've received no --

20 PRESIDING OFFICER QUICK: We massaged this for a  
21 while, but we may not be achieving much here. If you have  
22 other things you want to cover --

23 MR. POPKIN: Okay. Okay.

24 BY MR. POPKIN:

25 Q You also, of course, have indicated -- you've



1 indicated that you don't think it would be fair to increase  
2 all of the box rents to satisfy this one problem, or this  
3 area of problems.

4 A I didn't say that. I said that I don't think it  
5 would be -- I don't think it would be fair to increase the  
6 box -- box service fees higher than we are proposing in this  
7 testimony to make up for the costs that would be associated  
8 or to make up that revenue that we've estimated to come from  
9 the nonresident fee.

10 Q Okay. I also would like to clarify, of course  
11 --you have responded to a number of other -- the other two  
12 gentlemen who cross-examined you that -- at least you said,  
13 I don't think you meant it, that there is not an overall box  
14 rate increase. I assume that you agree that in addition to  
15 the nonresident fee, you are also proposing a 24 or so  
16 percentage increase in all of the box rents, at least in the  
17 Class 1 category.

18 A I don't recall ever saying that there -- at any  
19 time before this that there was no --

20 Q Well, you didn't say there was none; you implied  
21 that there wouldn't be. I just want to make sure for the  
22 record that you agree that that implication was -- or at  
23 least my perception of your statement was not true.

24 A Could you explain what you mean by me implying  
25 that? I have been asked only questions basically strictly

1 about the nonresident fee so far and the cost.

2 Q Right. But you -- in your response, you made  
3 statements which seemed to me to indicate that the residents  
4 fees would not be going up. I just, for the record, would  
5 like to confirm that the Postal Service is requesting an  
6 increase in the -- I'm trying to clarify your testimony.

7 A Well, I beg to differ with you, but I have not --  
8 prior to talking about the fee increases for the boxes since  
9 your line of cross, I don't recall mentioning that, because  
10 I haven't gotten any questions --

11 Q To shorten the response, will you confirm that the  
12 Postal Service is requesting to increase all box rents in  
13 the Class 1 category?

14 A I confirm that the Postal Service is proposing to  
15 increase all box service fees in all categories.

16 Q Okay. Thank you.

17 Well, not in all categories. Whatever you call  
18 the \$2 one is going down to --

19 A Well, yes. Okay. Exactly. Thank you.

20 In Group 1, the current Group 1 and Group 2.

21 Q I don't know the numbers; all I know is when I get  
22 the bill, it says \$29 or 58. It'll say more. I don't know  
23 what class I am or whatever, really, without looking. Okay.

24 Back to my interrogatory T7-1. I listed a number  
25 of items there. Let's see. "I" would be nine of them, A

1 through I. Can you answer any of those now?

2 Can you answer any of those now?

3 A Let's see. I can respond to T7-4.

4 Q We're talking about T7 -- my interrogatory T7-1.

5 A 7-1.

6 Q Which lists nine separate questions as to how this  
7 resident versus nonresident would be implemented.

8 A I could answer these with respect to the suggested  
9 guidelines in my testimony, but I can't -- the ones that  
10 were presented in my testimony. I can't give you the final  
11 ruling on these. So if you'd like, I can do it under that  
12 situation, but that situation only.

13 Q Well, that's your suggestion. It's a suggestion  
14 of the Postal Service to the Postal Rate Commission at this  
15 point.

16 A Uh-huh.

17 Q Just to backtrack once on that before we go down  
18 the nine items, how will the final implementation be  
19 conducted, determined, agreed upon, issued?

20 A I am -- I am not sure of that. There is an office  
21 in -- next to mine that would be working with us. It's  
22 called the Pricing and Classification Implementation Office,  
23 I believe, is the name of it, and the staff in that office  
24 would be working along with the law department, pricing  
25 staff and any other responsible Postal Service people to

1 determine that implementation.

2 Q Will there be any public input? Will I have the  
3 opportunity to have any input to this final regulation?

4 A I don't know, personally. Because that's out of  
5 my -- I would have input into it due to my position, but the  
6 implementation of that -- the office that does, you know,  
7 works out the implementation, I don't know what, you know,  
8 how they would be -- who -- everyone they'd be getting input  
9 from.

10 Q Well, I mean will they be asking for public input?  
11 Will they --

12 A I don't know.

13 Q I mean I don't expect them to call me up on the  
14 phone and say, Mr. Popkin, may we have your input. But will  
15 it appear in the Federal Register saying that I have 30 days  
16 or whatever it is to file comments?

17 A I don't know. I know that you have conversations  
18 with the manager of that office, so perhaps you could ask  
19 him next time you are on the phone with him.

20 Q Well, the question I have is will that go out for  
21 public comment?

22 A I cannot answer to that.

23 Q Okay. All right. Can we go down the nine items,  
24 please?

25 A Oh, sure. Let's see. You live in a large city

1     such as New York City, and the building you live in has its  
2     unique five-digit zip code and therefore would not match any  
3     box section available.

4             In this situation, although my testimony talks  
5     about five-digit zip code with respect to delivery areas,  
6     it's possible that the -- it would be the -- you would be  
7     considered a resident in the post office that provides your  
8     mail delivery to your apartment building.

9             Q     So, in other words, in the case of New York City,  
10    we are talking about all of Manhattan Island would be  
11    residence for a box anywhere in Manhattan, which is the New  
12    York, New York post office?

13            A     No, I'm not saying that at all. What zip code  
14    provides your --

15            Q     I'm talking about New York City.

16            A     To the -- what specific zip code? I think there  
17    are more than one post office -- I think there is more than  
18    one post office in Manhattan.

19            Q     No, Manhattan has one post office, it's the New  
20    York, New York post office, zip code 100, 101, 102 is the  
21    New York City zip code area. New York, New York; I'm sorry.  
22    There's the Bronx and Bronx, Brooklyn and Brooklyn, and  
23    Queens has Flushing, Jamaica and Far Rockaway. But the New  
24    York, New York post office covers Manhattan Island.

25            A     Okay.

1 Q City of New York, County of New York, Borough of  
2 Manhattan. And that's true. But if it's not true it  
3 doesn't matter, because that's not really the question.

4 A Well, the point is where is your -- what is the  
5 five-digit -- whatever the five-digit zip code is of the  
6 office that is providing delivery to your building under my  
7 -- under --

8 Q You're answering the question. The question is  
9 very simple. Assuming that I am correct, and I know I am,  
10 that the New York, New York post office is 100, 101 and 102  
11 zip code --

12 A 101 and 102.

13 Q 100, 101 and 102 is New York, New York post  
14 office.

15 A I need a five-digit zip code.

16 Q 10001 to 10299.

17 A I need a five-digit zip code that delivers the  
18 mail to the apartment building. You provide me with that,  
19 and I'll tell you under the suggested guidelines where you  
20 would be considered a resident.

21 Q Well, let's --

22 A And eligible for a box without paying a  
23 nonresident fee.

24 Q Well, I do not have the zip code book here, but  
25 let's, for argument sake, say that 360 East 72nd Street has

1 its own five-digit zip code, 10200 -- no, 201, just for  
2 argument's sake. The residents of 360 East 72nd Street are  
3 10201. However, the mail for East 72nd Street comes out of  
4 the 10028 post office.

5 A Then go to 10028, get yourself a post office box,  
6 and don't pay a nonresident fee.

7 Q Can I go to 10016 which is the one south of that,  
8 or a few south of that?

9 A You can go anywhere you want to --

10 Q And not pay the resident fee? Nonresident fee?

11 A No. No, not under the suggested guidelines.

12 Q So under -- let me see if I understand this.

13 Under the suggested guidelines, I have to make a  
14 determination as to which delivery unit delivers that mail,  
15 and if I am in that delivery unit such as Chairman Gleiman's  
16 question up in Silver Spring, then I am okay, I can save my  
17 36 bucks; true?

18 A If the -- if you are getting -- if you want to get  
19 box service at the post office that is responsible for  
20 delivering mail to your building, under the suggested  
21 guidelines here, no, you would not pay the nonresident fee.

22 Q But it's the five-digit zip code --

23 A The five-digit zip code that -- I'm not talking  
24 three-digit zip code.

25 Q Okay. Right. That's right.

1           A     I'm talking five-digit.

2           Q     Well, okay.  In other words, when we have several  
3     zip codes, like in Silver Spring -- I don't know what they  
4     are, other than they are 209 something --

5           A     I think it's fairly straightforward what I just  
6     mentioned.  Now --

7           Q     I just want to make sure I understand.

8           A     It's subject to final implementation, whatever,  
9     but this is sort of the original intent.  It's some  
10    situations that will be -- might be different.

11          Q     In a multi-zipped office such as Silver Spring,  
12    such as New York, New York, such as other offices that are  
13    that way, it is the intention at this point in time to  
14    charge the \$36 based on the five-digit zip code of that  
15    multi-zipped office, even though all of those five-digit zip  
16    codes are out of a single office?

17          A     When you refer to multi-zip station or office, are  
18    you referring to a post office, station or branch that might  
19    have three zip codes coming out of it?

20          Q     I'm talking Silver Spring, Maryland --

21          A     Or are you talking a three-digit area?

22          Q     No, I'm talking Silver Spring, Maryland -- well,  
23    it depends.  In New York City, it's three three-digit areas.  
24    In the northern New Jersey area where I'm from, it's  
25    separate zip codes.  In Silver Spring, it happens to be a



1 three-digit prefix.

2 A Well, I can state -- I can provide you an example  
3 of the post office that I used to work in as a letter  
4 carrier. In McLean, Virginia, zip code 22201 -- excuse me,  
5 22101 and 22102, and then we added 22103. 22103 branched  
6 out and is now a station at Tysons Corner. We used to have  
7 a large volume of mail. The two zip codes actually split  
8 off, but at the time that they were co-located in the same  
9 office, and this is what I consider a multi-zip office.  
10 Anyone -- let's say that situation still existed and there  
11 were two zip codes. The customers served by the 22101 and  
12 22102 area codes -- I mean zip codes, excuse me, would be  
13 eligible to receive box service at that post office as  
14 residents.

15 Q Right. But would someone who lived in the 22103  
16 area be eligible to get it even though -- because they were  
17 still under the same postmaster and the same post office?

18 A No. That's a split. It's a split. Like I said,  
19 the 22103 split off. I'm just saying that if you assume  
20 that -- 22103 actually is now a box section in Tysons  
21 Corner.

22 Q Okay. Can we go on to B or any of the others that  
23 you can --

24 A Okay. Let's see. B states also in a large city  
25 where there is no box section utilized in the postal

1 facility corresponding to my zip code.

2 Q In other words, for example, wherever I live there  
3 is no -- that particular zip code does not have a box  
4 section.

5 A It just has carrier delivery coming out of it;  
6 correct?

7 Q Right, or rural delivery.

8 A Or rural delivery. Yes. Carrier delivery.  
9 Right. Could be city or rural. That would be an issue that  
10 would have to be determined during implementation as to --

11 Q Okay. Okay.

12 A -- location, I presume.

13 Q C?

14 A C, a firm has its own unique five-digit or even  
15 three-digit zip code and therefore will not match any post  
16 office box section. Where is their delivery coming from?

17 Q The box. Let's take Readers Digest that has 004.  
18 If they wanted to get a box in Pleasantville, would it be  
19 \$36 extra or not?

20 A Where is their street address?

21 Q Readers Digest Road in Pleasantville, New York.  
22 But they get no city delivery there, it's all delivered,  
23 mail delivered to -- you know, the caller service in effect,  
24 I assume.

25 A Right. And they want another box? I mean what

1 are they -- where are they getting their box service now, or  
2 caller service?

3 Q I assume in the Pleasantville post office and it  
4 says Pleasantville, New York 00401.

5 A Well, I think you just answered your own question.  
6 If that's -- if their -- if that's their post office of  
7 delivery other than -- I mean regardless of whether or not  
8 they have a unique five-digit zip code --

9 Q Well, okay, that's the question.

10 A -- then that would -- it would be that office that  
11 they would be considered residents of.

12 Q Okay. And if that office had several branches,  
13 would they be able to get in at any branch?

14 A Would the branches have different zip codes?

15 Q Let's assume no.

16 A They would all have -- they would all have one zip  
17 code?

18 Q Right. Let's assume that, and then --

19 A I'd like to see an example of that.

20 Q Wayne, New Jersey has about five branches all in  
21 the same 07470 zip code, Preakness Station, Sheffield  
22 Station, and there's a few others, but they're all 07470.  
23 I'm sure all the box sections are 07474, but that's a  
24 separate story.

25 A Okay. That's an unusual -- I mean, well, that

1 is a situation that is not -- I mean I personally didn't  
2 realize that there were branches out there without their own  
3 zip code. I thought that each one would have -- I know of  
4 stations and branches and then a main office, they all have  
5 their own different zip code, but you are saying that Wayne,  
6 New Jersey only has one zip code?

7 Q 07470 is Wayne; 07474 is the box section -- is box  
8 mail; and 07477 is a unique zip for State Farm Insurance.

9 A Okay.

10 Q If I were a resident of Wayne, could I go to any  
11 of the branches and get a non-\$18 box?

12 A Where is your delivery coming out of? Which  
13 station or which branch, rather?

14 Q It comes out of one of the stations.

15 A Well, go to --

16 Q Well, take the Sheffield Station.

17 A All right. Well, go to that station and --

18 Q Well, the Preakness Station, even though it has  
19 the same five-digit zip code, would not be eligible?

20 A I can't say for certain, but the intent here is to  
21 -- the intent of the guidelines is to make it as definitive  
22 as possible. However, like I said, it is not the final.

23 Q Okay. Continue. D.

24 A If I want to obtain a personal box at the post  
25 office that corresponds to my business location, under these

1 proposed guidelines, you'd be subject to the nonresident fee  
2 unless you have established receiving mail at your business.

3 Q Well, obviously --

4 A I mean, it's something that's established, you can  
5 show that you've got some sort of --

6 Q Well, obviously mail that's addressed to my name  
7 and my business location will end up on my desk.

8 A Uh-huh. The business portion of my guidelines,  
9 the guidelines in my testimony rather, are for businesses  
10 themselves.

11 Q Right.

12 A Yes.

13 Q But I know --

14 A As opposed to a person at a business --

15 Q I know of many people who like to get a box at  
16 their work location so that they can be the Customer B  
17 rather than the Customer A in that interrogatory.

18 A Right.

19 Q For all practical purposes, they would be defined  
20 as nonresidents.

21 A Okay.

22 ~~Q~~ E is if the box section has a different zip code  
23 than the delivery area. I'm familiar with this. In  
24 Arlington, there is a box -- the main station, 22201, has a  
25 box section with a unique five-digit zip code. Anyone

1 within that 22201 zip code delivery area would be under the  
2 suggested guidelines eligible for a box without having to  
3 pay the nonresident fee.

4 Q F. If I reside or establish a business at a  
5 temporary location.

6 A Mr. Popkin, can you provide proof of residency, a  
7 current lease or something like that?

8 Q Well, I mean, obviously, if I'm residing in a  
9 house or a motel or whatever, I have something.

10 A Something. I think the --

11 Q Here's my credit card receipt from the motel I'm  
12 in in Arlington.

13 A Yes. Something would have to be worked out.  
14 During implementation, the lease may have to go through the  
15 service period or whatever. I'm not sure.

16 Q Okay.

17 A G. If I reside within the corporate limits of a  
18 municipality which is served by delivery from another  
19 office. And you're trying to get a box in the area that's  
20 served by another delivery --

21 Q Right. In other words, I reside in the town of A  
22 -- in other words, I'm within the corporate municipality  
23 location of A, but I'm served by a letter carrier or rural  
24 carrier operating from Post Office B that either is located  
25 physically in the municipality of A or perhaps located in

1 some other municipality.

2 A Again, although these would need to be ironed out,  
3 it goes back to the office of -- the office of your delivery  
4 is where you would be considered a resident.

5 Q So in other words, I'm not a resident of the town  
6 that I live in; I'm only a resident of a post office.

7 A With respect to this proposal, the suggested  
8 guidelines, yes.

9 Q Okay. All right. I think you have clarified most  
10 of these things. Just one question on this.

11 Would you say that your request is somewhat  
12 premature in that there are too many questions that have to  
13 be resolved?

14 A No, not at all.

15 Q Why do you feel that way?

16 A Because -- well, I think I answered your scenarios  
17 for the most part pretty succinctly, even though, like I  
18 said, they are suggested guidelines, it's not the end-all.  
19 The nonresident fee, if recommended and approved, would --  
20 and the applicability of it would be determined at a later  
21 date. But I feel that we have provided -- we being the  
22 Postal Service -- have provided information sufficient  
23 enough to warrant the consideration minimally of such a fee,  
24 and without being --

25 Q Well, has this information been provided in your

1 original testimony or is it being provided in response to a  
2 number of intervenors who have realized that there are many,  
3 many unresolved questions?

4 A This information has been responded to in my  
5 testimony, and I think some of it was fairly clear cut.  
6 Therefore, I think if you had read the section on  
7 nonresident -- what I said, nonresident -- because basically  
8 what I was doing was just taking that section and applying  
9 it to this section. If it could easily be applied, it's a  
10 pretty fairly straightforward answer that I could give for  
11 many of these scenarios.

12 Q That didn't answer my question. My question was,  
13 was the information provided in your original testimony as  
14 to how this rule would apply or was it -- is it being  
15 provided in response to my questions today?

16 A It was -- the information was provided in my  
17 testimony.

18 Q I believe your testimony only made one definition,  
19 that it refers to people who are served out of a five-digit  
20 -- the same five-digit zip code area.

21 A Uh-huh. And in many cases, there wouldn't be any  
22 point to question that.

23 Q True.

24 A You raise some different situations which I have  
25 ventured to provide my opinion on based on the guidelines in



1 my testimony.

2 Q Okay. Let's go to interrogatory T7-2, and let's  
3 take our San Luiz, Arizona post office. There is no city  
4 delivery, no rural delivery. How do you define what the  
5 service area is for San Luiz?

6 A Well, I know that when Witness Landwehr was on the  
7 stand, he commented that he had -- he and Josephina, the  
8 postmaster in San Luiz, had determined a service area based  
9 on the fact that everything else was desert aside from where  
10 the town is. There would be situations like that that would  
11 have to be, I presume, left up to the experts in the field  
12 that know the particular areas.

13 Q In other words, what you're saying is that the  
14 Postal Service will not even issue final guidelines at some  
15 point in time, but will leave determinations up to local  
16 postmasters?

17 A I'm not saying that at all.

18 Q What are you saying?

19 A I'm saying exactly what I said, that I would  
20 presume that in terms of defining service areas, the best  
21 people to go to would be those that are familiar with the  
22 area. And there can be some sort of boundary made.

23 Q Well, let's -- would you say that this person for  
24 the San Luiz would be the postmaster of San Luiz, that would  
25 be most familiar?

1           A     I -- it sounds to me like she would probably be  
2 most familiar with the service area. I think it all boils  
3 down to, gee, when you move in someplace, what sort of  
4 address do you give? You know, let's say you buy a house in  
5 San Luiz. What's your address? If you can't get a street  
6 address, they're going to tell you you go -- this is where  
7 you get your mail. You go to the post office and you get a  
8 box and that's how you get your mail. I can't --

9           Q     But when I go to the post office to get that box,  
10 is it going to cost me the resident rate or the nonresident  
11 rate?

12          A     You've moved into the area that the mail is served  
13 by there. You know, when you go to that post office, you're  
14 going to have to be standing in line behind a whole bunch of  
15 nonresidents that are wanting to get boxes. You might --

16          Q     That doesn't answer my question.

17          A     -- not be happy about that. I don't see how it  
18 doesn't answer your question. If you move into a residence  
19 --

20          Q     The question --

21               MR. RUBIN: Objection. The witness is still  
22 answering.

23               PRESIDING OFFICER QUICK: Mr. Popkin, it's  
24 difficult for the recorder to get everybody.

25               MR. POPKIN: Okay.

1           PRESIDING OFFICER QUICK: So let her finish what  
2 she's going to say and then ask your question, please.  
3 Thank you.

4           THE WITNESS: Thank you.

5           To finish that, when you move in, if you can't  
6 obtain a street address -- and I really do believe now that  
7 street addresses are becoming required now in more remote  
8 areas due to 911 phone calls. At least that's my personal  
9 experience. Street addresses will be becoming more  
10 available.

11           Even if there isn't a street address, there's got  
12 to be a place where you're supposed to get your mail from.  
13 Somehow it was established in San Luiz on any given street  
14 that at some -- at some time, where you go to get your mail,  
15 I do not expect that would change or I'm not sure, but I  
16 think that the Postal Service would be apt to try to  
17 minimize changing a known service area, and I do feel that  
18 San Luiz is a known service area. I may be incorrect there,  
19 but I think to the best of our ability -- you know, there  
20 are some -- I think -- I'm not -- if I remember correctly,  
21 there might have been a few in that that were served by  
22 another office, rural delivery or whatever. I'm not sure.  
23 But obviously some determination was made at some point to  
24 serve these customers from another office. They would fall  
25 under the -- their service area, which I know I've been

1 specific in five-digit zip code area -- like I said, I'm  
2 willing to venture outside of that for -- in order to answer  
3 these situations, more exceptional situations for you.

4 BY MR. POPKIN:

5 Q There are many offices that do not provide any  
6 delivery service other than box and general delivery, true?

7 A I don't -- let's see. I don't have the number of  
8 offices that do not provide delivery. I have the number of  
9 boxes within there but --

10 Q In other words, there are many offices that are  
11 similar to San Luis, namely they have boxes or general  
12 delivery but no letter -- no city delivery routes, no  
13 highway contract routes, no "star" routes as they used to be  
14 called, no rural routes, just two ways of getting mail --  
15 going to your box and taking it out or coming to the window  
16 and saying do you have any general delivery mail for me.

17 Is that true?

18 A There are offices -- I don't know if I would  
19 qualify them as many -- I don't really know how many offices  
20 there are in -- I know how many boxes that are within those,  
21 right now 2.7 million boxes in nondelivery offices.

22 How many offices that makes up I am not sure.

23 Q Would you concede that there are at least a  
24 significant number, not 25 percent, not 50 percent, but  
25 certainly not seven offices in the entire country.

1 I mean it is a significant number of offices that  
2 fall into this category.

3 A Based on my personal knowledge, I could say I know  
4 of at least seven or more than seven.

5 Beyond that, I couldn't fathom a guess.

6 Q I am not asking for a guess. It's just something  
7 that is not totally atypical. It's reasonably occurring  
8 might be a better way of saying it.

9 A Nondelivery offices?

10 Q Nondelivery offices.

11 A I don't -- in the whole grand scheme of things, I  
12 don't -- when comparing it to the rest of the United States,  
13 really I would believe they are outnumbered. I don't know  
14 how many of our 20-something or whatever the number is post  
15 offices, stations, branches, whatever, contract units are --  
16 I don't know how many are nondelivery.

17 Q Well, there are 28,000 or so post offices. Can I  
18 get a response at a later date as to how many of those are  
19 nondelivery? In other words, that fall into the category of  
20 San Luis?

21 A Well --

22 Q That fall into the category of San Luis.

23 A Well, that is an interesting request because San  
24 Luis is actually considered Group 2.

25 If there's an easy way to identify that, I could

1 check.

2 MR. RUBIN: There is some information in the  
3 record or at least there is a response to a Presiding  
4 Officer information request Number 3. Witness Lion provided  
5 a number in response to Question 2 of that Presiding  
6 Officer's information request.

7 PRESIDING OFFICER QUICK: Would that answer --

8 MR. RUBIN: He said there --

9 PRESIDING OFFICER QUICK: -- Mr. Popkin's  
10 question, do we think?

11 MR. RUBIN: I think so. He has the number 1489.

12 MR. POPKIN: Okay. In other words --

13 PRESIDING OFFICER QUICK: Could you give a  
14 citation so we can refer to that?

15 MR. HOLLIES: Witness Lion has brought to my  
16 attention his response to UPS Interrogatory T-1-1 in which  
17 he indicates "The only information available to the delivery  
18 statistics file shows 5,248 post offices, defined by finance  
19 numbers, as providing no city, rural or highway contract  
20 delivery services."

21 I understand that the number in connection with  
22 the POIR 3, Number 2, that was just provided by Mr. Rubin is  
23 actually a subset of this number of 5,248.

24 I would further note that there have been quite a  
25 number of questions along this line directed to Witness Lion

1 which he has answered.

2 MR. POPKIN: Okay.

3 BY MR. POPKIN:

4 Q In other words, whether it's 1400 or 5200, it's  
5 still a significant number that fall in this category and --

6 MR. RUBIN: Excuse me. Can I inquire as to when  
7 we'll be taking a break? I think the witness was looking at  
8 me like she would need some time.

9 PRESIDING OFFICER QUICK: Well, all right. Might  
10 I inquire, Mr. Popkin, do you have any notion of how many  
11 more questions you have or -- I mean I don't want to rush  
12 you, but I just --

13 MR. POPKIN: No, really, I am just trying to --

14 PRESIDING OFFICER QUICK: Let's get an assessment  
15 here.

16 MR. POPKIN: Yes. I am trying follow through with  
17 my --

18 PRESIDING OFFICER QUICK: Right.

19 MR. POPKIN: -- follow-up interrogatories.

20 PRESIDING OFFICER QUICK: How far along are you  
21 there?

22 MR. POPKIN: Probably more than half.

23 PRESIDING OFFICER QUICK: Okay, and Mr. Carlson,  
24 you said you had 20 minutes' worth or something like that?

25 MR. CARLSON: Twenty minutes would be a good

1 guess.

2 PRESIDING OFFICER QUICK: Okay. Well -- who knows  
3 about the air conditioning? Anybody?

4 CHAIRMAN GLEIMAN: It's going to get warm in here.

5 PRESIDING OFFICER QUICK: Well, let's take a 10-  
6 minute break and then come back and barrel ahead.

7 THE WITNESS: Thank you.

8 [Recess.]

9 PRESIDING OFFICER QUICK: Mr. Popkin, go ahead.

10 BY MR. POPKIN:

11 Q Let's go on to Interrogatory T-7-3.

12 Can you respond to (A) -- in other words, explain  
13 the rationale behind the nonresident box fee with respect to  
14 it not being considered discriminatory?

15 A I responded to that interrogatory and it's listed  
16 there. I responded to it.

17 Q Okay. Can you look at T-7-5, then, which is my  
18 follow-up interrogatory.

19 In other words, I looked to the best of my ability  
20 of analyzing what you said in those particular items.

21 One of the items that you referred to is why  
22 someone might want a post office box rather than city  
23 delivery or someone might find an out of town box more  
24 convenient to their needs.

25 The specific question I have is why do you feel



1     that this charge is not discriminatory?

2           A     According to the response, first, to my testimony,  
3     explain the rationale behind the nonresident post office box  
4     fee, I have done that in 3(a).

5                   As far as with respect to 5, where did you get the  
6     impression that I felt the nonresident fee would not be  
7     discriminatory?

8           Q     Well, I am asking you to explain to me and to the  
9     Commission why you feel it is not discriminatory.

10          A     And where did I say it was not discriminatory?

11          Q     I am asking you to explain why you feel it is not  
12     discriminatory.

13          A     Did I see --

14          Q     I feel it is discriminatory.

15          A     Did I say it was not discriminatory anywhere that  
16     you can cite to?

17          Q     Not that I know of. I am asking you a question.

18          A     Well, I have never -- I have said neither that it  
19     was discriminatory nor not discriminatory, so I don't  
20     understand where the assumption was that I feel it would not  
21     be considered discriminatory.

22          Q     Do you feel it is discriminatory?

23          A     Yes, I feel that in terms of the pricing it is a  
24     discriminatory fee.

25          Q     Okay, are there any plans for the Postal Service

1 to have other discriminatory fees, such as charging more for  
2 buying stamps at a Post Office that you don't reside at, or  
3 having a surcharge for small mailers to mail single letters  
4 versus large mailers, or charging extra for earlier delivery  
5 of mail on a given carrier route?

6 Are there any other plans that the United States  
7 Postal Service has for instituting another charge similar to  
8 this?

9 A Well, similar to the scenarios you -- I know of no  
10 plans to pursue proposing any of the situations you  
11 described. With respect to the word "discriminatory," I  
12 would have to get a definition from you as to what --

13 Q One that treats similarly situated people  
14 differently.

15 A And I -- I would -- I would not consider  
16 nonresidents and residents to be similarly situated.

17 Q In other words, you are saying that there could be  
18 a possibility that there might be a surcharge if, when I  
19 come down to Washington, I stop in the Postal Museum Post  
20 Office like I frequently do to buy stamps, that since I  
21 can't prove I'm a resident of Washington, I may have to pay  
22 more than my brother who is a resident of Washington?

23 A No, I'm not suggesting that at all.

24 Q Well, that's just one example. In other words,  
25 are there any plans of the United States Postal Service to

1 institute any other surcharges which are based solely on  
2 something such as residents and nonresidents?

3 A Not to my knowledge.

4 PRESIDING OFFICER QUICK: Mr. Popkin, I think she  
5 answered that a while back.

6 MR. POPKIN: Okay.

7 PRESIDING OFFICER QUICK: Our purpose here, as you  
8 know, is to create a record. So let's not be repetitious if  
9 we can avoid it.

10 MR. POPKIN: Okay.

11 BY MR. POPKIN:

12 Q Have you determined that there are no other Postal  
13 Service employees that would have that to their knowledge?  
14 In other words, in my interrogatories, as done by any other  
15 Intervenor, they ask the question, if you can't answer it,  
16 refer it to somebody who can.

17 A Well, with respect to the Post Office box  
18 testimony, to which I am here representing today, I -- I can  
19 speak to that, that I know of no -- no other appropriate  
20 employee. I would be the person that would have knowledge  
21 of -- of that and also the special services in general.

22 Q Well, with respect to anything, is there any --  
23 can you state that the Postal Service has no other plans for  
24 instituting a surcharge or a fee to something based on other  
25 than the actual mail and the actual conditions? In other

1 words, something that would be based on residence, for  
2 example?

3 MR. RUBIN: Objection. The question is vague and  
4 I believe the witness has answered what she can about it.

5 PRESIDING OFFICER QUICK: I think that you should  
6 move on, Mr. Popkin.

7 MR. POPKIN: Okay.

8 PRESIDING OFFICER QUICK: Accept what the witness  
9 says and pursuing arguments, I mean, we are not going to add  
10 much to the record that way. So, if we could just move on,  
11 please?

12 [Whereupon, at 6:00 p.m., the hearing proceeded in  
13 evening session.]

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## EVENING SESSION

[6:00 p.m.]

BY MR. POPKIN:

Q Is there any cost basis for the increase in the box rents by approximately 24 percent?

A I have addressed the -- well, as far as the cost basis goes, I have addressed the current, the before-rates cost coverage of just barely meeting 100 percent as one of the reasons for seeking box fee increases.

I would refer you to the pricing criteria section of my testimony where I address the criteria of the Postal Reorganization Act in which I identify the reasons, what meets the -- I address the criteria for this fee proposal.

Q Okay, one other area I have and then I'm finished.

Can you give some of the advantages of why a CMRA would be -- well, why they are able to charge what they can? In other words, I think the testimony has been that most CMRAs, at least for the smaller size boxes, the normal sized boxes are considerably more, many of the witnesses have said they are considerably more than the Postal Service charges.

Can you give an answer as to why you feel that is so?

A Well, they are for-profit businesses, therefore they differ from the Postal Service in that they are private industry. I mentioned, I believe I may have mentioned it in

1 my testimony, that CMRAs can -- can offer certain -- certain  
2 benefits, shall I say, to their customers that they might  
3 find more useful than what they could get in the -- in a  
4 Post Office, with respect to box service.

5 But I still believe if you take box service versus  
6 box service, just the aspect of box service, I mean,  
7 obviously our fees are much lower than whatever rates that  
8 they charge.

9 Q Well, the question I had was, how do you feel they  
10 are able to, in effect, charge as much as they do with the  
11 competition of the Postal Service?

12 A Well, like I said, they provide additional  
13 services that we may not that people would be willing to pay  
14 for. It's based on -- on demand. I don't know how they do  
15 their pricing but, like I said, they are for-profit  
16 businesses and they, to my knowledge, don't have any  
17 regulated pricing and they can -- they can pretty much  
18 charge, I suppose, what they want to as long as they have  
19 people to pay it.

20 Q Okay. What are some of these services they do  
21 provide?

22 A If you will just give me a second to see if I have  
23 addressed that in my testimony.

24 I haven't really, that I can see, addressed the  
25 specifics. I am familiar with seeing some of what Witness

1 Lion described in his testimony and I think that it probably  
2 would be best to refer to his testimony to see what -- what  
3 he's listed in there.

4 I don't list anything except generally the purpose  
5 for why we had the market research conducted.

6 Q But you do compare them and I am looking to  
7 whether really this is a valid comparison. In other words,  
8 are you comparing apples and oranges when you compare your  
9 rates to a CMRA rate?

10 MR. RUBIN: Objection. This is argumentative and  
11 I believe the witness has dealt with that issue in her  
12 testimony.

13 MR. POPKIN: In other words, she has no  
14 information --

15 PRESIDING OFFICER QUICK: I think she has answered  
16 what -- your question. Your purposes for eliciting her  
17 testimony may not be answered, but she has given you, I  
18 think, what she can.

19 MR. POPKIN: Okay, all right. Then I have no  
20 further questions.

21 PRESIDING OFFICER QUICK: I didn't want to cut you  
22 off, Mr. Popkin. This is your shot.

23 MR. POPKIN: Well, I mean the question I had was  
24 --

25 PRESIDING OFFICER QUICK: But I mean --

1           MR. POPKIN:  -- whether she has any idea what  
2   services they provide and her answer was no.

3           PRESIDING OFFICER QUICK:  I didn't want you to  
4   conclude because of my comment.  I mean we want to make sure  
5   you get all of your questions that you want in the record,  
6   that --

7           MR. POPKIN:  Well, I am assuming that by her  
8   response to refer to someone else's testimony that she has  
9   -- is unable to provide the answer of her own knowledge.

10          PRESIDING OFFICER QUICK:  Right.  Okay.

11          THE WITNESS:  Excuse me.  If I may say something.  
12   I have knowledge, I just feel that Witness Lion better  
13   addresses that.  He lists them all in his testimony, the  
14   different services that they provide.  I do know of some,  
15   but I think Witness Lion more succinctly describes the  
16   services.

17          MR. POPKIN:  Well, my perception to Witness Lion's  
18   testimony was that he conducted a study, not provided input  
19   as to what these services were.

20          THE WITNESS:  I have seen the services listed in  
21   his testimony, I believe, but --

22          PRESIDING OFFICER QUICK:  All right, let's  
23   proceed.  Mr. Carlson, are you prepared to finish your  
24   questioning now?

25          MR. CARLSON:  Yes, I was able --



1                   PRESIDING OFFICER QUICK: Or to continue your  
2 questioning.

3                   MR. CARLSON: I was able to obtain a printout of  
4 the remainder of my questions, and I do want to thank the  
5 Commission staff profusely for tracking down a McIntosh that  
6 happened to be able to read my disk. So the most apt  
7 comment this afternoon is that we require electricity.

8                   FURTHER CROSS EXAMINATION

9                   BY MR. CARLSON:

10           Q       In your response to DFC USPS T7-7 --

11           A       Yes.

12           Q       -- you stated that you did not consider monthly  
13 nonresident fees of \$1 or \$2 because neither of these  
14 amounts seemed sufficient. On what basis did you determine  
15 that these amounts were not sufficient?

16           A       I believe I address this in the pricing criteria  
17 portion of my testimony with respect to how I came about  
18 this proposed fee. I say here in the interrogatory response  
19 that I did not feel \$1 or \$2 was a sufficient amount of  
20 money to take into consideration the value derived from a  
21 nonresident box, so it works out to approximately 10 cents a  
22 day. I think it's fair and equitable, and I have described  
23 that, like I said, in the criteria.

24           Q       Forgive me. I have read your testimony in detail  
25 several times and I have not been able to draw from it how

1     you determined that \$18 as opposed to some other amount was  
2     sufficient to reflect the added value of box service to  
3     nonresidents. How did you determine the value to  
4     nonresidents?

5           A     Well, it's -- as far as setting the fee, like I  
6     said, like I had mentioned earlier in one of my  
7     interrogatory responses, I had -- I looked for something  
8     that would be easily divisible by six, therefore making the  
9     refund process go smoothly as opposed to a -- I considered  
10    two other fees, one lower, one higher. The one wasn't  
11    divisible by six, and \$3 seemed like a sufficient amount  
12    based on the value. That is my -- that is my testimony, my  
13    opinion.

14          Q     Can you tell us here today why \$6 per six months  
15    would not be sufficient to reflect the added value of box  
16    service to nonresidents?

17          A     Well, my goodness, I'll tell you, \$6 would be \$1 a  
18    month. That's a small contribution to the high value of  
19    service that these nonresidents get with their boxes, for  
20    whatever reasons they use them for. I felt \$3 was a  
21    sufficient amount. I didn't see that it needed to be  
22    higher, but I felt that \$2 or \$1 was too low, and --

23          Q     Can you cite any evidence or any study to support  
24    the contention that \$1 per month or \$2 per month would not  
25    sufficiently reflect the added value to nonresidents of

1 nonresident box service?

2 A No.

3 Q Suppose you have two customres who live a block or  
4 two from each other. Would you agree that those customers  
5 are similarly situated?

6 A Geographically? Sure. I suppose. It depends on  
7 -- well, one block can make a big difference in certain  
8 neighborhoods, whatever, but assuming like it were in a  
9 subdivision or whatever or how you would define a block.  
10 Geographically they are closer than being 3000 miles apart  
11 or whatever, so --

12 Q Does the Postal Service see any reason why people  
13 who live a block away from each other should not be  
14 considered similarly situated for purposes of determining  
15 fees?

16 A Well, with respect to cut-off points for delivery  
17 areas, there's going to be a cut-off point, so if they lived  
18 a block away and one person was in a different delivery area  
19 and had a certain post office that they could go to and get  
20 box service as a resident, the person a block away wanted to  
21 go to the other post office that wasn't their delivery  
22 office, then they'd be -- I mean if I can presume where you  
23 are headed, yeah, there --

24 Q The question is for purposes of determining fees,  
25 can you explain why the Postal Service would not consider

1 customers who live within one block of each other not  
2 similarly situated?

3 A I believe I answered that when I talked about a  
4 zip code or a delivery area boundary that could perhaps be  
5 there.

6 Q If I recall your answer, you stated that zip code  
7 boundaries have to fall somewhere.

8 A Uh-huh.

9 Q But I'm wondering --

10 A Yes.

11 Q But I'm wondering for purposes of determining  
12 fees, do you believe that two people -- does the Postal  
13 Service believe that two people who live within one block of  
14 each other are similarly situated?

15 MR. RUBIN: Objection. I think the witness has  
16 answered that question already.

17 MR. CARLSON: Oh, I don't believe she has answered  
18 the question. I think a yes or no would be a good start.

19 PRESIDING OFFICER QUICK: Well, go ahead. Restate  
20 the question and then let her answer it and go from it.

21 BY MR. CARLSON:

22 Q Does the Postal Service believe that two customers  
23 who live one block away from each other -- let me start  
24 over.

25 For purposes of determining fees, does the Postal

1 Service believe that two customers who live within one block  
2 of each other are similarly situated?

3 A With -- it depends on if there would be a boundary  
4 line in between these two.

5 Q Why would that matter?

6 A Well, if there is a boundary line that -- I mean  
7 like I said, I think I know where you are headed because we  
8 had -- there was an interrogatory that you had asked me  
9 about somebody living a block away from someone else, but  
10 this one -- they have a different post office. So there  
11 would be different fees. It could -- you could have a block  
12 difference between a group 2 and a group 1 post office and  
13 those are fees, so that's my answer. I mean the Postal  
14 Service would have to -- it depends on the Postal Service's  
15 service areas. It -- in terms of similarly situated, with  
16 respect to fee development.

17 Q Do you think it is fair that people who live one  
18 block away from each other should pay -- one person should  
19 pay \$36 or more for box service than the other if one person  
20 wants a box in the other person's district or five-digit zip  
21 code service area? Do you think it is fair?

22 MR. RUBIN: Objection. I think that was -- she  
23 has answered that probably here and also in her response to  
24 Mr. Carlson's interrogatory 3-B and C.

25 MR. CARLSON: I'll move on.

1 BY MR. CARLSON:

2 Q Would it be fair for me to conclude from your  
3 testimony that the Postal Service believes boxes should  
4 reflect the value customers place on the service?

5 A Are you -- if you are -- are you speaking of just  
6 the basic box service fee or are you also referring to the  
7 nonresident fee?

8 Q I am referring to box service in general.

9 A I -- the Postal Service believes that, among other  
10 criteria, that the fee should be set in accordance with the  
11 value of service to the customers.

12 Q In your response to DFC-T7-1(b), you confirmed  
13 that a customer may value access to his Post Office box 24  
14 hours a day, seven days a week, higher than access between,  
15 for example, six o'clock a.m. and six o'clock p.m. Monday  
16 through Saturday.

17 Given the Postal Service's commitment to value  
18 pricing, why does the Postal Service not plan to charge  
19 higher fees in offices that have longer hours of access to  
20 the box lobby and lower fees in offices that have shorter  
21 hours?

22 A Could you define what you mean by "value pricing"?  
23 I didn't quite get that. Did you say value pricing?

24 Q I did say that. Let me just state what I meant by  
25 the term.

1           By the term, I mean setting fees or prices taking  
2   into consideration the value to the consumers of that  
3   product.

4           A     I believe I -- I just answered that -- that the --  
5   with respect to the pricing in this testimony, I have  
6   addressed the value of service criterion within my  
7   testimony.

8           Q     Yes. So applying it now to a situation of two  
9   different types of Post Office box service, the first being  
10  a situation where the customer has 24-hour access to his box  
11  and the second situation being 12-hour-a-day access, Monday  
12  through Saturday, since you have already acknowledged that a  
13  customer may value access to the Post Office box 24 hours a  
14  day higher than 12 hours a day, why doesn't the pricing  
15  proposal price these products differently?

16          A     Well, you know, then we would end up with probably  
17  fees for all of our postal -- different fees for all of our  
18  postal facilities.

19          Q     Unless you standardized hours somewhat?

20          A     Hours depend on reasons for -- security reasons,  
21  things like that, that vary from Post Office to Post Office  
22  and not all Post Offices offer the same hours or perhaps the  
23  same services, ancillary services.

24                But they're Post Offices so, you know, things like  
25  this happen, you know, in the real world. You pay for --

1 for services, whatever, at a different location you might  
2 not be getting as much or you might be paying more for  
3 something.

4 Q Let me go to the next question and maybe you'll  
5 see why I'm concerned about this.

6 In your response to DFC-T7-1(a), you confirm that  
7 hours of access to a box lobby are one of many factors that  
8 may affect the customer's decision as to where to obtain  
9 Post Office box service. Suppose the Post Office in Long  
10 City has longer lobby hours than the Post Office in Short  
11 City. Is it true that a resident customer at the Post  
12 Office in Long City would pay the same fee as a resident  
13 customer at the Post Office in Short City, assuming each  
14 customer had the same box size and each Post Office was in  
15 the same fee group?

16 A That's correct.

17 Q So even if the customers both placed an equally  
18 high value on long hours of access, the Postal Service would  
19 charge the two boxholders the same fee?

20 A Given the assumptions, yes, correct.

21 Q Is it true that a person who lived in Short City  
22 but who desired the longer hours of the Post Office in Long  
23 City probably would be required to pay the \$36 annual  
24 nonresident fee?

25 A Correct.



1           Q     So isn't it true that, compared to the person who  
2 lives in Short City and desires a box in Long City, the  
3 person who lives in Long City benefits twice at the expense  
4 of the other person? One, he is not charged for the value  
5 he places on long lobby hours and, two, he is not charged  
6 the nonresident fee?

7           A     Benefits twice. That's interesting.

8           Q     I can --

9           A     Well, actually, I can just turn that around to --  
10 to Shorty from Short City is going to pay additional to  
11 benefit from where he obtains box service. Shorty may  
12 have -- may live in a better neighborhood, who knows. But,  
13 for whatever reasons, he or she has chosen to live where  
14 they do and chosen to get Post Office box elsewhere and --

15          Q     So if the person who lived in Short City really  
16 cared about box hours, then maybe he should have considered  
17 moving to Long City or establishing his residence in Long  
18 City?

19          A     Well, that depends on what it's worth to that  
20 person. If the box -- if not paying a \$36 proposed annual  
21 fee for nonresident is the impetus for moving, sure, more.  
22 I am not saying -- it is just, there are cutoffs and it --  
23 it would be very difficult to not -- to live in a world that  
24 didn't have cutoff points. I mean, you're always going to  
25 find people that are going to pay differently for similar

1 services or what have you.

2 Q Just to summarize then, it is true that the person  
3 who lives in Long City is not -- the first question, it is  
4 true that the person who lives in Long City is not charged  
5 the nonresident fee for having a box in Long City?

6 MR. RUBIN: Objection. I think that is  
7 repetitious. I mean you are trying to summarize. I think  
8 you have answers in the record already.

9 MR. CARLSON: Okay. Okay, just a few more.

10 BY MR. CARLSON:

11 Q To follow up on OCA Interrogatory T-7-11 --

12 A Okay.

13 Q -- you stated that you do not know all vanity  
14 address areas in the United States but examples include  
15 those reported in Library Reference SSR-105.

16 I am hoping you can cite in that library reference  
17 an example of a vanity address area other than Middleburg,  
18 Virginia.

19 A If I may get a copy of that library reference.

20 MR. RUBIN: Can I bring that to the witness?

21 PRESIDING OFFICER QUICK: Certainly, Mr. Rubin.

22 THE WITNESS: I know I have cited some in my  
23 testimony.

24 MR. CARLSON: I was interested to know which ones  
25 you were referring to in the library reference.

1 [Document proffered to witness.]

2 THE WITNESS: Thank you. I'm sorry, I didn't have  
3 that.

4 Let me see. Actually, thanks for supplying this,  
5 David, but I think I have referred to them all in my  
6 testimony. I am getting kind of confused with all the  
7 library references I have.

8 In fact, I could turn your attention to my  
9 testimony, page 27, Rancho Santa Fe is one that is also  
10 listed in the library reference SSR-105.

11 Palm Beach, Florida, Winnetka, Illinois.

12 BY MR. CARLSON:

13 Q I won't belabor the point since you have testified  
14 elsewhere on that, that there are other vanity addresses.

15 I personally could not find them in the library  
16 reference but it really doesn't matter.

17 A Okay. Well, I just thought I'd help you out  
18 because some of them are -- they are named -- maybe one  
19 article would contain several examples but I have discussed  
20 them all in my testimony.

21 Q Okay. Okay, thank you, and suppose one were able  
22 to conclude that nonresident box customers caused the Postal  
23 Service on average 50 cents extra in costs per month.

24 Would you still support the nonresident fee  
25 proposal?

1 A Oh, sure.

2 Q Because it captures the added value to the  
3 nonresidents that you have testified to?

4 A Among other things, yes.

5 Q And have you considered charging a fee to  
6 boxholders who allow their mail to accumulate and thus  
7 creating storage problems?

8 A I have not considered that, no, and that has not,  
9 over the last few years, that has not been considered with  
10 any, you know, any -- oh, what am I trying to say? --

11 Q Serious?

12 A Seriousness or -- yes. I mean -- yes. Thank you.

13 Q If I define service for the purposes of this  
14 question as being the speed with which mail is delivered,  
15 meaning one day, two day, three day, four day and so forth,  
16 and the time of day at which the mail is put into P.O.  
17 boxes, if we define service as being those two criteria,  
18 does the Postal Service claim that service is of the same  
19 quality from post office to post office, station to station,  
20 branch to branch -- or are there variances in the quality of  
21 service that a boxholder would receive from one office to  
22 another?

23 A I would say that there are with respect to generic  
24 box service I don't think there would be any difference in  
25 the quality of the delivery.

1           With respect to personal attention given  
2 boxholders, I believe that there would be differences. It  
3 would vary from post office to post office.

4           I think Witness Landwehr best spoke to what I just  
5 alluded to when he was talking about calling his box  
6 customers and that sort of thing if, you know -- quality,  
7 you know, can be defined in many ways.

8           With respect to the basic delivery of the mail and  
9 to the box, I personally don't see any differences from  
10 office to office.

11          Q     I believe you did answer an interrogatory earlier  
12 that post offices do place mail into the boxes at varying  
13 cutoff times. In other words, some offices may have a  
14 cutoff time of 8 a.m. whereas others may have a cutoff time  
15 of 10:30.

16          A     And where might that be?

17          Q     If you don't recall making that statement, I will  
18 look for it. Do you -- is that a plausible --

19          A     I mean it's possible, sure, but I said in terms of  
20 delivery, the service, you are going to have differences in  
21 carrier delivery. There are going to be people who complain  
22 that, gee, I'm at the end of the route, I don't get my mail  
23 until this time or, you know, gee, I am at the beginning or  
24 it all depends on the office, but as far as the generic box  
25 service goes, I really don't see, myself, any substantial

1 differences from office to office.

2 Q But as far as the question that I am asking as far  
3 as the time that the mail is put into the boxes, do you  
4 claim that that is consistent from office to office, or do  
5 some offices establish earlier cutoff goals than others?

6 A I would have to -- if you could point me to where  
7 I responded to that, maybe it could help refresh my memory.

8 Q So you have no independent knowledge today that  
9 would help you to answer the question that I am asking  
10 today?

11 A Well, you have referred to something supposedly  
12 I -- I want to see exactly what it is.

13 Q Okay. OCAT-7020.

14 A Okay, that's better. Okay.

15 Now go ahead and -- I'm sorry.

16 Q So is it true that at some post offices the box  
17 mail may routinely be delivered earlier in the day than  
18 other post offices?

19 A Sure.

20 Q Okay -- and is it true that a person that lives in  
21 one city, say New York, may receive delivery that meets the  
22 Postal Service's one, two, and three day service standards  
23 less consistently than a person who lives in another city,  
24 say, Santa Ana, California?

25 A Less consistently? Not daily or --

1           Q     So in other words, I am thinking of external First  
2     Class measurement system which generally shows that the  
3     Postal Service's reliability of delivery varies from city to  
4     city, so it is possible that a person in one city may  
5     receive his mail on time more often than in another city?

6           A     Oh, sure. I mean with respect to service  
7     standards or -- yes.

8           Q     And is it possible that within a particular city  
9     there could be differences, there could be differences in  
10    the consistency with which that person receives mail on time  
11    according to the Postal Service's service standards?

12                  I am simply asking if it is possible.

13          A     Now I'm sorry, could you repeat that?

14          Q     Is it possible that within a particular city a  
15    person who has a post office box at Station A may receive  
16    more consistent on-time service, more consistently on-time  
17    service than a person who has a post office at Station B?

18          A     That's possible.

19          Q     Okay. Would you confirm that under the current  
20    scenario, if a person is experiencing delivery problems at  
21    his own station or post office that a remedy is to obtain a  
22    box at another station or office that may be in a different  
23    five-digit zip code area from where he lives?

24          A     That could be one remedy if the person has not had  
25    any success in getting the situation taken care of by

1 speaking with the local Postmaster or postal official.

2 Q Is it possible that a person may have a difficult  
3 time resolving the delivery problem after bringing that  
4 concern to the attention of the local Postmaster?

5 A That may have a difficult time resolving it after?  
6 I guess it's possible but, you know, I don't know how likely  
7 it would be, but anything is possible really.

8 MR. CARLSON: Okay. I don't have any further  
9 questions.

10 THE WITNESS: Thank you.

11 PRESIDING OFFICER QUICK: Is there any follow-up  
12 cross examination?

13 MR. POPKIN: Well, I have two questions.

14 PRESIDING OFFICER QUICK: Mr. Popkin.

15 FURTHER CROSS EXAMINATION

16 BY MR. POPKIN:

17 Q In the last few questions Mr. Carlson posed, you  
18 said in the real world people always pay different amounts  
19 for the same thing.

20 A I don't think I quite -- I said that people could  
21 pay different amounts for similar services.

22 Q Right.

23 A Yeah.

24 Q Okay.

25 A But, of course, people -- first class postage, you



1 know, the postage rates are going to be uniform for  
2 everybody living in -- mailing in the United States.

3 Q Well, you see, you saved my second questions.  
4 Okay.

5 This -- the last one was in this last question, is  
6 it your feeling as an expert that most delivery problems can  
7 be resolved by speaking to your local postmaster?

8 A I would feel that that would be the first approach  
9 to take, and to the extent possible, I'd have to know the  
10 different situations in each office, to the greatest extent  
11 possible I would expect the post office to be able to work  
12 as well as they could with a customer to resolve any sort of  
13 problems.

14 Q Let me ask the question, you would expect -- do  
15 you feel that in the majority of the cases, a local  
16 postmaster is able to resolve any delivery problem that is  
17 presented to him? Or do you feel that that might be hoping  
18 for too much?

19 MR. RUBIN: Objection as to the relevance of this  
20 to the witness' proposal.

21 MR. POPKIN: She indicated that the difference in  
22 delivery standards, if such did exist, and she said that if  
23 -- that one should talk to their local postmaster and solve  
24 any problems that might exist rather than going to the other  
25 office and paying the \$36 and I am just trying to determine

1     whether she really believes that a local postmaster can  
2     resolve all delivery problems -- all delivery problems most  
3     of the time, such as she implied.

4             THE WITNESS: Well, if you define delivery as --  
5     I'm sorry.

6             PRESIDING OFFICER QUICK: No, go ahead.

7             THE WITNESS: Okay. I was just going to say --

8             PRESIDING OFFICER QUICK: Answer the question as  
9     best you can, and we will move on.

10            THE WITNESS: Yeah. If you could define delivery  
11     for me. Is delivery after it arrives at the post office, or  
12     prior to, from the moment it's deposited in -- you know, I  
13     mean from the time it's -- after it's transported to some  
14     sort of significant destination such as a local, you know,  
15     sectional center facility or what have you.

16            BY MR. POPKIN:

17            Q     Well, based on Mr. Carlson's request, where he  
18     referred to EXFC, which is transportation, and he also  
19     referred to timeliness of putting the mail in the box,  
20     obviously putting the mail in the box is probably reasonably  
21     under the control of the postmaster, although it may entail,  
22     you know, money for extra employees that he doesn't have. I  
23     mean there's a physical amount of work that has to get done.  
24     But the question was asked in light of the full service,  
25     namely transportation plus delivery.

1           In other words, if Englewood is getting --  
2   Englewood, New Jersey, where I live, is getting, you know,  
3   mail 87 percent of the time, how can my local postmaster  
4   solve that problem?

5           A     So you're talking about delivery -- I'm a bit  
6   confused -- delivery before it arrives at the destination  
7   post office?

8           Q     What I am trying to do is clarify your statement  
9   where you said that most of the problems that one would  
10   experience -- in other words, Mr. Carlson asked the question  
11   if I have a box in A and I'm getting a problem in delivery,  
12   both locally and at the A post office, as well as mail  
13   coming into the A sectional center or processing delivery  
14   center, to use new terms, then I have -- is one of my  
15   alternatives to go to B and pay the \$36? And your response  
16   was that I could probably solve these things by -- most of  
17   the time by talking with my local postmaster. I am trying  
18   to clarify that question. Do you feel that a local  
19   postmaster is able to solve both internal and external  
20   delivery standards problems most of the time, like you said?

21          A     I -- I believe that you have mischaracterized some  
22   of what I did say. I think where you are coming from now is  
23   not exactly what I spoke to before.

24          Q     What did you say with respect to avoiding the \$36  
25   fee? How one should do this with respect to discussing it

1 with their local postmaster?

2 A I would have to go back and see what Mr. Carlson  
3 exactly did ask me and how I responded to that. My  
4 recollection is I had -- he had asked -- or someone had  
5 asked if one remedy to a situation where there would be  
6 problems would be to go to another post office. Now I don't  
7 know which one of you asked me that, but I believe it was  
8 Mr. Carlson, and I believe that's what you are referring to,  
9 although I may be way off base, but I certainly didn't state  
10 what you had said. Things are getting a little --

11 Q Well, can I ask the question directly, then?

12 A Sure.

13 Q If I were getting a box in office A, or let's just  
14 take my case. I have a box in Englewood.

15 A Okay.

16 Q Which is, you know, on the service list. If I was  
17 having a problem with either the time that the Englewood  
18 post office was able to put that mail in the box -- in other  
19 words, they were consistently not getting it in there by  
20 9:30 like the sign says. Or if I had a problem with the  
21 external mail arriving in Englewood from the rest of the  
22 country -- the EXFCs for Englewood were down, and Englewood  
23 does not have EXFCs, but let's, for argument's sake, say it  
24 did -- to what extent do you feel I could solve that problem  
25 by talking to my local postmaster? Some of the time,

1 occasionally, all of the time, most of the time? How would  
2 you characterize my success rate?

3 A Well, I'd need to know why the box mail isn't  
4 getting up by the time stated. Is this -- you're talking  
5 about problems outside -- I mean a situation outside the  
6 post office as to why the mail might not be getting there in  
7 a timely fashion, and once it gets there why it might not be  
8 put up in a timely fashion? I believe that it would -- if  
9 these two are independent of each other, it would be  
10 beneficial to speak with the postmaster or officer in charge  
11 to try to get it worked out, and I think to the best of his  
12 or her ability, they would try to meet your concerns or, you  
13 know, alleviate your concerns, whatever. Beyond that, they  
14 could be -- with the external as far as a problem that might  
15 be coming from outside their post office, they could also  
16 speak with the person in charge elsewhere and might be able  
17 to -- also might be able to get something solved or they  
18 might not. It's really hard for me to -- I can tell you  
19 this much. I do know in all cases they would try to the  
20 greatest extent possible to get the situation taken care of.  
21 I do know that as a postal employee.

22 Q I'm not questioning my local postmaster's desire  
23 to help me. The point I'm trying to clarify on the record  
24 is that you have indicated that the local postmaster will be  
25 able to solve my delivery concerns most of the time.

1           MR. RUBIN: Objection. I think the witness has  
2       tried to respond. It doesn't appear that she has a  
3       quantified answer to your question.

4           PRESIDING OFFICER QUICK: I think you've got what  
5       you're going to get, Mr. Popkin.

6           MR. POPKIN: Okay. No further questions.

7           PRESIDING OFFICER QUICK: Questions from the  
8       bench. Mr. Chairman?

9           MR. RUBIN: Excuse me. Given the lateness of the  
10      hour, or the time we've been here, is it possible to take a  
11      few minutes for the witness to have some time to prepare for  
12      the further questioning?

13          PRESIDING OFFICER QUICK: Well, sure. We're going  
14      to barrel ahead here and try and finish up.

15          MR. RUBIN: Right. Maybe three --

16          THE WITNESS: Three minutes.

17          MR. RUBIN: Three minutes?

18          PRESIDING OFFICER QUICK: I don't know. Do you  
19      want to take five minutes, ten minutes? Whatever you want  
20      to do? Do you want to go get some jellybeans to get some  
21      sugar, or what?

22          MR. RUBIN: I don't want her to --

23          PRESIDING OFFICER QUICK: Maybe you should go get  
24      some jellybeans.

25          Five minutes.

1 [Recess.]

2 PRESIDING OFFICER QUICK: I think we're going to  
3 proceed here. Is everybody ready?

4 Questions from the bench? Chairman Gleiman.

5 CHAIRMAN GLEIMAN: Let's try to go as fast as we  
6 can here.

7 On page 24 of your testimony, on line 2, a  
8 sentence starts, "In those circumstances where a local  
9 street address is not confirmed by a postal employee in an  
10 office where a box is located, individual boxholders would  
11 be asked to provide proof of residence in such forms as  
12 driver's license, voter registration cards, public utility  
13 hookups, a current lease, a mortgage, a deed, a trust, a  
14 cable tv bill," and on and on and on.

15 If I come into your post office and I say I'm a  
16 resident served out of this post office, and you say what's  
17 your address, and you can't confirm it, and you say to me,  
18 well, I need some proof, and I reach into my back pocket and  
19 I pull out a deed of trust and a utility hookup for 123 Main  
20 Street, which is an apartment building that I own but don't  
21 live in, can I assume that I'm going to be able to get my  
22 box there for free? I have just confirmed according to the  
23 standards you set up in your testimony that I'm a resident  
24 --

25 THE WITNESS: Right.

1 CHAIRMAN GLEIMAN: -- when I'm not.

2 THE WITNESS: Okay. And, of course, this would be  
3 subject to the implementation, however that's determined.  
4 But for the purposes of my suggested guideline, yes, you are  
5 a resident because you own property in that --

6 CHAIRMAN GLEIMAN: So all those poor postmasters I  
7 saw at the ~~NAPVS~~ <sup>NAPUS</sup> convention who were moaning and groaning  
8 about how they were going to enforce this were probably  
9 right because they're going to get an Ed Gleiman in there  
10 who's going to show them a deed, a trust, and a public  
11 utility hookup, but who really doesn't live in that  
12 building, but lives miles and miles away. Okay.

13 On page 27, the first paragraph of your testimony,  
14 you're talking about Middleburg.

15 THE WITNESS: Right.

16 CHAIRMAN GLEIMAN: And you say that there are  
17 2,000 boxes in Middleburg, half of which are nonresident.  
18 Is that what it says?

19 THE WITNESS: Correct.

20 CHAIRMAN GLEIMAN: Okay. You don't have Mr.  
21 Landwehr's testimony, I don't believe, but subject to check,  
22 would you accept that, at pages 3 and 4 of Mr. Landwehr's  
23 testimony, he says that there are 1,856 boxes in Middleburg,  
24 Virginia, and only one-third of them are nonresident?

25 THE WITNESS: Subject --



1           CHAIRMAN GLEIMAN: I can show it to you, if you'd  
2 like.

3           THE WITNESS: No. Subject to check, I'd --

4           CHAIRMAN GLEIMAN: Well, assuming that that is the  
5 correct representation of what's in Mr. Landwehr's testimony  
6 at pages 3 and 4, could you tell me which set of numbers is  
7 correct -- yours, which has 2,000 boxes, half of which are  
8 nonresident, meaning 1,000 nonresident boxes, or his, which  
9 has 1,856, a third of which are nonresidents, which is 618  
10 or thereabouts depending on how my math is at this hour.

11           THE WITNESS: Okay. I would say that Witness  
12 Landwehr's testimony would be more accurate than mine. I  
13 use the terms "nearly" and "almost." Perhaps "nearly" was  
14 not a good adjective.

15           CHAIRMAN GLEIMAN: Okay.

16           THE WITNESS: But "almost" I think is close.

17           CHAIRMAN GLEIMAN: Okay. So I should read all the  
18 numbers in your testimony carefully to see if you  
19 characterized them as nearly or approximately or whatever to  
20 make sure, relative to somebody else's testimony, which ones  
21 are more accurate? That would be a good thing to do?

22           THE WITNESS: I don't know if I'd go that far, but  
23 I think for purposes of showing that Middleburg has a high  
24 nonresident population, I feel that there is nothing wrong  
25 with what I have said here.

1           CHAIRMAN GLEIMAN: Well, there is -- I think there  
2   is a significant difference between 600-and-some-odd and a  
3   thousand. I mean, that's a 40 percent difference in the  
4   number of nonresidents. If you don't think 40 percent  
5   differences are significant, than I'm going to have some  
6   real trouble with all the numbers in your testimony and your  
7   supporting documentation. But that's something that I'll  
8   have to wrestle with, I guess, as I look at the transcript.

9           Now, under your definition of residents and  
10   nonresidents for purposes of the fee at page 23, line 20 and  
11   the following few lines, you're pretty specific. And I  
12   understand that this is your best shot at this point in time  
13   and that we don't know what the powers that be are going to  
14   come up with. But again, relative to Witness Landwehr's  
15   testimony, he talks about San Luiz and he characterizes the  
16   migrant workers who are using some 60 percent of the 6,000  
17   boxes out there as being nonresidents.

18           What I want to know is, because you have relied  
19   very heavily and made repeated references to Witness  
20   Landwehr's testimony, I would like to know, given your  
21   definition that bridges the sentence from the bottom of page  
22   23 to the top of page 24, are those migrant workers  
23   residents or nonresidents? According to your definition,  
24   would they have to pay the fee or wouldn't they have to pay  
25   the fee if your definition were the definition used?

1           THE WITNESS: Where is their residence? Is it in  
2 Mexico or is it in San Luiz?

3           CHAIRMAN GLEIMAN: I don't know. All I know is  
4 that they have been identified by whomever the postmaster is  
5 who talked with Mr. Landwehr who -- and you knew the name of  
6 this person who is the postmaster --

7           THE WITNESS: Sure.

8           CHAIRMAN GLEIMAN: -- and who has been there for  
9 lo these many years. She identified 60 percent of the  
10 boxholders as nonresidents, primarily migrant workers. We  
11 don't know where these people live; we just know the  
12 identification by the postmaster who is going to implement.  
13 Mr. Landwehr and the three postmasters and some other folks,  
14 including yourself, I guess, talked, and this is the  
15 definition you came up with.

16           They are migrant workers. They're moving around  
17 to work. They may not be in San Luiz very many months of  
18 the year, but they may have left their families behind  
19 despite the fact that they're migrant workers.

20           Would you care to tell me whether you think, based  
21 on what's in your testimony and what's in his testimony,  
22 which you're familiar with, whether these people are  
23 residents or nonresidents?

24           MR. RUBIN: Excuse me. I'd like to clarify the  
25 record with respect to Witness Landwehr's testimony. On

1 page 6 of his testimony, lines 13 through 17, he refers to  
2 three groups. The last two groups are migrant farm laborers  
3 and Mexican nationals, and he says these latter two groups  
4 account for approximately 60 percent of the post office box  
5 customers in San Luiz.

6 CHAIRMAN GLEIMAN: I stand corrected, Mr. Rubin.

7 Some part of the 60 percent are migrant workers  
8 which are different than Mexican nationals who want mailing  
9 addresses and we don't know where these migrant farm workers  
10 live; is that correct?

11 MR. RUBIN: Yes.

12 CHAIRMAN GLEIMAN: We just know that they have  
13 been characterized as nonresidents.

14 MR. RUBIN: I don't see where they're  
15 characterized as nonresidents.

16 CHAIRMAN GLEIMAN: Well, I am asking. Are they?  
17 That's my question. It's not my definition in Ms. Needham's  
18 testimony; it's her definition in these facts. And I want  
19 to know, because I've got to make a decision that's going to  
20 affect people's lives and pocketbooks, whether these people,  
21 given the definition that you've presented to the  
22 Commission, are residents or nonresidents? They're  
23 residents or they're not. Simple answer. One or the other.  
24 If you can't answer, that's okay. I understand. It's  
25 complicated.

1           THE WITNESS: Well, with all due respect,  
2     considering that I don't know exactly where they're living,  
3     I don't know whether to term them as residents or  
4     nonresidents.

5           CHAIRMAN GLEIMAN: Okay. On page 25, at line 2,  
6     you talk about added value of service that accrues to  
7     nonresident boxholders, and that this semiannual fee is  
8     based on this purported added value of service that these  
9     people receive.

10          I think it has been established, but I just want  
11     it clarified very succinctly. This fee is not cost based.  
12     Is that correct?

13          THE WITNESS: That is correct. It's demand based.

14          CHAIRMAN GLEIMAN: Okay. So in a place where you  
15     have nonresidents but you have vacant boxes, there is really  
16     not a demand problem, as opposed to a place where you've got  
17     nonresidents and you've got a waiting list of 400 people for  
18     boxes, some of whom may be residents and some of whom may be  
19     nonresidents? There's a different demand situation, but  
20     even though there's a different demand situation, and  
21     usually elasticities are brought into play here and we're  
22     always told about how when there is higher demand, you know,  
23     we can charge higher prices, you're going to disregard that  
24     and you're just going to have a fee that is generally based  
25     on demand but has no relationship to variances in demand?

1 THE WITNESS: I suppose that's fairly accurate,  
2 yes.

3 CHAIRMAN GLEIMAN: Let me ask you a curve-ball  
4 question about value added. You're familiar with something  
5 called standard mail?

6 THE WITNESS: Yes.

7 CHAIRMAN GLEIMAN: Standard A I think is what I'm  
8 talking about.

9 Well, I'm looking at the Postal Bulletin dated the  
10 29th of August, and at page 10 is the Mail Alert listing.  
11 Do you know what the Mail Alert listing is? I'll read it if  
12 you -- it's just a very short little --

13 THE WITNESS: Okay. I would appreciate it, just  
14 to refresh my --

15 CHAIRMAN GLEIMAN: It says: The mailings below  
16 will be deposited in the near future. Officers should honor  
17 the requested home delivery date. And then it goes on to  
18 say mailers wishing to participate in these alerts who have  
19 a million or more pieces that they are mailing should  
20 contact the sales manager, and it gives a phone number.

21 The third entry down here says, Fall catalog for  
22 Cook 2. It's a standard-slash catalog, 107 million pieces  
23 nationwide, carrier route. It's apparently a Williams  
24 Sonoma catalog. And the requested delivery date is  
25 September 3rd.

1           Do you think it's an added value when the U.S.  
2   Postal Service puts a bulletin out to all its employees  
3   saying offices should honor the requested delivery date? In  
4   other words, there's a specific delivery date, single day,  
5   not a target of three or four or five days, but a single day  
6   on which this third-class mail should be delivered? Getting  
7   really special treatment, don't you think, relative to what  
8   standard mail usually gets?

9           If you don't know what standard mail usually gets,  
10   then, you know --

11           THE WITNESS: Well, I knew what the old third  
12   class mail used to get when I was a carrier, and a lot of  
13   times it would get very preferential treatment.

14           CHAIRMAN GLEIMAN: Over first class mail?

15           THE WITNESS: I won't say definitely over first  
16   class mail, but it would certainly -- well, it's possible --

17           CHAIRMAN GLEIMAN: Let me ask you this way.

18           I am in the heat of a political campaign. I am an  
19   independent, so I don't have a national party or a state  
20   party to operate under so I have to mail out all my mail  
21   First Class.

22           I have 10,000 pieces of mail that I want to mail  
23   out. It's zip coded, it's sorted, it's bar coded, the  
24   addresses have been through CASS and every other thing that  
25   you can have to clean them up and I take them down to the

1 Post Office over here at Brentwood in trays and I say, I'd  
2 like these things to be delivered on September 3, and I am  
3 taking them in on the 29th of August.

4 Can I get delivery of my First Class mail on a  
5 designated date or are the folks there going to laugh at me,  
6 throw it into the bin with all the other First Class mail  
7 that is going to get sorted and it will arrive when it  
8 arrives?

9 THE WITNESS: My understanding is First Class mail  
10 is processed and delivered without a -- without a time  
11 certain or day certain delivery. I am unfamiliar with  
12 standard mail that only has one day. I have seen them where  
13 they give a range of three, four days where they ask that  
14 they be delivered by --

15 CHAIRMAN GLEIMAN: That's why I picked this one  
16 out because it is the only one in the lot that has a single  
17 day delivery. Is that an added value to the mailer?

18 THE WITNESS: If the delivery is accomplished I  
19 would say, yes, it is.

20 CHAIRMAN GLEIMAN: Do you think, as a general  
21 principal, since we are going to have charges for added  
22 value of service related to nonresident Post Office box  
23 renters, that we ought to start charging other people who  
24 are getting added value of service?

25 THE WITNESS: Well, within our -- we have



1 defined -- we have defined special services as providing  
2 value over our basic services. I do know that one thing  
3 that we have thought about at Headquarters was exact day  
4 delivery but that was not for Third Class.

5 CHAIRMAN GLEIMAN: On page 25 at lines 3 through  
6 8, you mentioned three objectives -- excuse me, two  
7 objectives or benefits that you hoped to achieve by imposing  
8 this \$36 a year nonresident fee. You want to free up boxes  
9 for residents and the other goal or objective is or desire  
10 is that you will have more money that will be ploughed back  
11 into box expansion.

12 Which is more important of these two goals or  
13 desires or objectives?

14 THE WITNESS: I -- I couldn't really say that  
15 either one of them is more important than the other. It  
16 is --

17 CHAIRMAN GLEIMAN: Would the Postal Service be  
18 just as happy if we approved a \$36 fee for nonresidents and  
19 every nonresident in the country said, the hell with this,  
20 I'm going to go get a box somewhere else, that I either can  
21 get for free or without this fee imposed, and you didn't  
22 make any extra money out of it, would you be just as happy?

23 THE WITNESS: I don't think the Postal Service  
24 would be happy if nobody accepted this -- none of the  
25 customers accepted this proposal.

1           CHAIRMAN GLEIMAN: Goal one is to free up boxes  
2 for residents. Couldn't goal one be achieved without a  
3 nonresident fee by giving residents priority over  
4 nonresidents at renewal time and the like?

5           THE WITNESS: As I have responded to in an  
6 interrogatory, you -- it is possible. However, I believe  
7 that a fee based on this is a better solution. You are not  
8 necessarily taking away box service from someone.

9           It is not our intent to do that to get --

10          CHAIRMAN GLEIMAN: Excuse me, but it is your  
11 intent because your statement says, and it is the first of  
12 the two objectives or desired goals, is to free up boxes for  
13 residents. How can you say you don't want to take boxes  
14 away from nonresidents if you want -- I mean, how are you  
15 going to achieve the goal of making boxes available to  
16 residents that are currently held by nonresidents. You do  
17 want to take -- you want to force them to drop it by virtue  
18 of imposing a fee.

19          THE WITNESS: Excuse me, sir, but it's not a goal.  
20 It's a benefit. I never stated it as a goal, but as a  
21 benefit.

22          It is not a goal of the Postal Service to -- to  
23 force people out of the box service that they have  
24 currently. A benefit, I listed two benefits here to the  
25 nonresident fee but they are not goals of the Postal

1 Service; they are just benefits that would arise from a fee.

2 CHAIRMAN GLEIMAN: So --

3 THE WITNESS: With respect to giving priority to  
4 to residents, like I said, you would be taking away box  
5 service.

6 It is not our intent to take away box service, to  
7 force people out of our box service and that's what I mean.

8 CHAIRMAN GLEIMAN: Well, if one of the benefits  
9 you hope to achieve from the fee is to free up boxes, then  
10 you do hope to push some people out of their current mode of  
11 operation. I don't know what other conclusion you could  
12 come to. Otherwise, if you aren't hoping to do that, then  
13 you are not going to have that benefit that you speak to.

14 THE WITNESS: That's their choice. Excuse me,  
15 that's their choice if they want to leave.

16 CHAIRMAN GLEIMAN: Let's look at the little  
17 picture that I drew up there, if you will. Down in the  
18 bottom left-hand quadrant, you will see what purports to be  
19 a house with a little number one in it. That's my house.  
20 It's in Silver Spring, Maryland. I moved out there 23-and-  
21 a-half years ago. When I moved out there, the expressway  
22 wasn't there and the zip code boundary line wasn't there and  
23 Post Office One wasn't there and those houses up at the top  
24 near Post Office One on either side of the zip code boundary  
25 line weren't there. It was farm country.

1           And the reason I moved there instead of way up  
2       there near the top of the page is because down near the  
3       bottom was a school, a church and a synagogue and park and a  
4       hospital. And, lo and behold, there was also a Post Office  
5       there which was my serving Post Office for, lo, these many  
6       years.

7           Now, we have had a lot of development out there.  
8       As a matter of fact, it got so heavy at one point that there  
9       was a moratorium placed on building new buildings until we  
10      could catch up with the services. And in the middle of all  
11      of this along came the United States Postal Service and it  
12      drew the zip code boundary line down the middle of that  
13      little picture there. It's not a geopolitical boundary.  
14      It's just a boundary line that they drew that follows some  
15      squiggly old country road.

16           Now, my wife has a business that she runs out of  
17      our house and she has had a Post Office box at Post Office  
18      Number Two, over there, sitting off on the corner at the  
19      edge of the expressway and she's had that box for a lot of  
20      years and she's paid X dollars for it.

21           Do I understand correctly that, through no fault  
22      of our own, and only as a matter of happenstance because the  
23      U.S. Postal Service decided to draw a zip code boundary line  
24      where it decided to draw it, and has gotten the okay from  
25      the Postal Rate Commission and the Governors to impose a

1 nonresident fee, that my wife will now pay \$36, be honored  
2 by the Postal Service with a \$36 bill per year for that Post  
3 Office box, above and beyond what she would otherwise pay?

4 THE WITNESS: If she doesn't want to move her box  
5 to Post Office Number One, I would say, yes.

6 CHAIRMAN GLEIMAN: Well, why don't you fellows  
7 just move that zip code boundary line about a half a mile  
8 west there and then I can --

9 THE WITNESS: You know, isn't that funny you  
10 mentioned that because when I lived in Fairfax County, we  
11 moved there with the intention of really good schools, et  
12 cetera, et cetera, and a good school district. And guess  
13 what?

14 CHAIRMAN GLEIMAN: It changed.

15 THE WITNESS: It changed. It changed within a few  
16 months after I moved there and the people across the street,  
17 the kids were going to a different school than my kids were.

18 CHAIRMAN GLEIMAN: Let me tell you what the  
19 difference is.

20 THE WITNESS: Gee.

21 CHAIRMAN GLEIMAN: Let me tell you what the  
22 difference is. The difference is that you and I pay  
23 property taxes in Fairfax County and if you are a civic  
24 activist, you can get in there and you can change school  
25 boundaries and we've done it in Montgomery County.

1 THE WITNESS: And we've tried.

2 CHAIRMAN GLEIMAN: But if it comes to zip code  
3 boundaries, there's nobody to talk to unless you go to the  
4 Congress of the United States and get somebody to introduce  
5 a piece of legislation to stop it.

6 THE WITNESS: Is that true?

7 CHAIRMAN GLEIMAN: Yes.

8 THE WITNESS: That's the only way you can change a  
9 zip code boundary?

10 CHAIRMAN GLEIMAN: I've dealt with people who have  
11 complained about zip code boundaries for a lot of years long  
12 before I came here and I can tell you that the Postal  
13 Service is fairly unresponsive to the point that the likes  
14 of Senators Bradley and others introduce bills from time to  
15 time to allow towns to call themselves what they want to  
16 call themselves and to have zip code lines drawn around  
17 geopolitical boundaries rather than willy-nilly up the road  
18 like the Postal Service does it.

19 And if you would like the legislative history on  
20 it, after you get off the witness stand and I get off the  
21 Bench, I would be more than happy to dig it up and provide  
22 it to you.

23 Now, let's go a step further. Okay, as fate would  
24 have it, unless my wife is willing to find a way around the  
25 expressway and go 10 miles out of her way from everywhere

1 else that she would go to do her business and has been doing  
2 our business for 23 years, she is going to get hit with this  
3 extra fee. But this area is really developing and all of a  
4 sudden you folks come along and you say, new zip code area.

5 Now, the Post Office is way out here in Podunk.  
6 Once again, when my wife goes in for renewal, through no  
7 fault of her own, the postmaster is going to tell her,  
8 sorry, that's just the real world, that's the way it  
9 happens, you're going to have the honor of either moving  
10 over to your third Post Office here or you are going to pay  
11 a \$36 fee; is that correct?

12 THE WITNESS: If it were implemented, I -- I  
13 assume so. If -- if a new zip -- if a new zip code moved in  
14 there, assuming that, sure.

15 Would your --

16 CHAIRMAN GLEIMAN: So let's assume, for the sake  
17 of discussion, your definition is the definition, that we  
18 approve it and the Governors implement it. We have no way  
19 of really knowing how many people over the next five years,  
20 because there is a lot of development and a lot of zip code  
21 changing going on, we have no way of knowing how many people  
22 who are currently Post Office box holders in zip codes and  
23 who reside in those zip code areas, served out of those Post  
24 Offices, may ultimately be hit with a nonresident fee by  
25 mere chance of new zip code boundaries being drawn and new

1 Post Offices being built; is that correct?

2 THE WITNESS: Over the next five years? I  
3 couldn't even begin to fathom such a guess, but I did have  
4 one question for you.

5 With respect to your wife, if you don't mind --

6 CHAIRMAN GLEIMAN: Certainly not.

7 THE WITNESS: -- would she prefer the option of  
8 staying with her box service or would she like to be told,  
9 hey, you are not a resident -- you get out of here, you go  
10 somewhere else and get box service?

11 CHAIRMAN GLEIMAN: I suspect if this were a real  
12 case scenario that my wife would choose to keep her box at  
13 our old post office and pay the fee except on sunny days  
14 when she could take a long ride in the country to the new  
15 post office with the top down on the convertible -- but, you  
16 know -- she might want to have two post office boxes. I  
17 don't know.

18 THE WITNESS: Thank you.

19 CHAIRMAN GLEIMAN: But that is an interesting  
20 question and what you are saying is that the United States  
21 Postal Service is going to let my wife make the choice  
22 despite the fact that the ground rules are going to shift  
23 constantly and that she is not going to have any say-so  
24 other than whether she wants to shell out the cash.

25 She is caught in a situation where she is going to



1 be treated arbitrarily regardless of what goes on.

2 Well, I think I'll quit for awhile.

3 PRESIDING OFFICER QUICK: Commissioner Haley, do  
4 you have any questions?

5 COMMISSIONER HALEY: Good evening, Ms. Needham.

6 THE WITNESS: Good evening.

7 CHAIRMAN GLEIMAN: It's always so nice to be  
8 followed by George Haley. It's a big contrast.

9 COMMISSIONER HALEY: Come, come -- no. I would  
10 like to ask, with whom did you work at the postal  
11 headquarters for this proposal presentation? I would just  
12 like to know?

13 THE WITNESS: Who did I work for or with?

14 COMMISSIONER HALEY: With.

15 THE WITNESS: With?

16 COMMISSIONER HALEY: Yes.

17 THE WITNESS: Various people in my office, my  
18 pricing office, management, the law department.

19 COMMISSIONER HALEY: Are you considered the  
20 manager of this project?

21 THE WITNESS: The Project Manager --

22 COMMISSIONER HALEY: Yes.

23 THE WITNESS: -- would be an appropriate term.

24 COMMISSIONER HALEY: Okay. You made the statement  
25 several times in various manners concerning justification

1 for suggested nonresident post office box fees, and this is  
2 a quote, as I put it down: "By the very nature of the fact  
3 that they are nonresident, there is apt to be more cost than  
4 a resident." Right?

5 THE WITNESS: Correct.

6 COMMISSIONER HALEY: You then stated that "It is  
7 market based. We don't have any specifics to back it up,  
8 but it is market based." Right?

9 THE WITNESS: Yes.

10 COMMISSIONER HALEY: Okay. I just wanted to --  
11 I'm sure you made those statements but I just wanted to get  
12 that again from you that it is market based but you don't --  
13 you don't know why it is market based, right?

14 THE WITNESS: Well, I mean it's -- it's demand.  
15 It's demand-based and it's really hard to quantify the cost  
16 associated.

17 COMMISSIONER HALEY: Okay.

18 THE WITNESS: That's why I developed a fee.

19 COMMISSIONER HALEY: Okay, but then you say you  
20 looked for something easily divisible by six and it is a  
21 small contribution to the high value of service.

22 You can't cite any evidence that one dollar, I  
23 think -- the lawyer Carlson asked you whether it be one  
24 dollar or two dollars. Anyway it was something you kind of  
25 pulled out of a hat. Is that right?

1 THE WITNESS: No.

2 COMMISSIONER HALEY: Well, I am serious.

3 THE WITNESS: It's subjective. It's something --  
4 yes, it's --

5 COMMISSIONER HALEY: Okay, and then you proposed,  
6 according to what you are saying now, it was your thinking,  
7 your discretion pretty much and you made the decision, that  
8 is of the proposed fees. Is that true?

9 THE WITNESS: I --

10 COMMISSIONER HALEY: I think you said that anyway.

11 THE WITNESS: Yes. I am proposing these fees in  
12 my testimony and I have -- yes -- proposed each one of them  
13 and subject to approval they were -- I mean subject to  
14 approval by those higher than me, yes, they were accepted.

15 COMMISSIONER HALEY: Well, they were accepted  
16 because they come now as the Postal Service's recommendation  
17 or proposal to us.

18 THE WITNESS: Correct.

19 COMMISSIONER HALEY: Yes.

20 THE WITNESS: Yes.

21 COMMISSIONER HALEY: Okay. Another thing that I  
22 just wanted to ask you about was you were talking in terms  
23 of complaints that had been filed.

24 Do you recall that discussion you were having? I  
25 think you dealt with the Western Region. That was the only

1 one you said that you did some investigation from, is that  
2 right?

3 THE WITNESS: Yes. I had gotten -- actually I  
4 mentioned that Western Area and also the Pacific Area.

5 COMMISSIONER HALEY: Okay.

6 THE WITNESS: I got some information to from the  
7 Pacific Area.

8 COMMISSIONER HALEY: Pacific as well as -- is that  
9 different? That's different from the Western Area, right?

10 THE WITNESS: It is. It's different and some  
11 Pacific Area -- I can't distinguish. I would have to go  
12 back and look at my notes at the office.

13 I can't distinguish between which one of those  
14 towns fell into Western and which fell into Pacific. They  
15 are located right next to each other geographically.

16 COMMISSIONER HALEY: I was just wondering why you  
17 didn't, for a more representative position, you know, deal  
18 with some of the other parts of the country?

19 THE WITNESS: Well, there were time limitations as  
20 far as, you know, wanting to get the information, as much  
21 information as I could and as quickly as possible to provide  
22 the supplemental response.

23 COMMISSIONER HALEY: Okay.

24 THE WITNESS: I had a willing Vice President, area  
25 of operations, who was, you know --

1 COMMISSIONER HALEY: In the Postal Service?

2 THE WITNESS: Right.

3 COMMISSIONER HALEY: But aren't most of them  
4 willing when you make a request?

5 THE WITNESS: I think so -- ready, willing, and  
6 able. This one is particularly interested in this proposal.

7 COMMISSIONER HALEY: I see.

8 THE WITNESS: Specifically, so knowing of him and  
9 his offer to help in any way, shape or form, I thought I  
10 would --

11 COMMISSIONER HALEY: I see.

12 THE WITNESS: -- take advantage of that and word  
13 got out to the Pacific area too from -- I believe it was  
14 from him. I am not sure.

15 COMMISSIONER HALEY: I see. Did the Postal  
16 Service study the feasibility of any separate nonresident  
17 fees for businesses and citizens?

18 THE WITNESS: No.

19 COMMISSIONER HALEY: You didn't do that?

20 THE WITNESS: No.

21 COMMISSIONER HALEY: Okay. I believe those are  
22 all the questions.

23 Thank you very much.

24 THE WITNESS: Thank you.

25 PRESIDING OFFICER QUICK: Commissioner LeBlanc?

1           COMMISSIONER LeBLANC: Okay, let me see. Where am  
2 I going here?

3           Ms. Needham, the whole thing intrigues me, but on  
4 the very first page of your testimony, line 8, you say "U.S.  
5 Postal Service has conducted extensive research aimed at  
6 pricing the premium product line of post office boxes  
7 commensurate with cost and consumer demand."

8           How can that be without any cost studies?

9           THE WITNESS: Well, I was referring to the study  
10 costs that came from Witness Lion.

11          COMMISSIONER LeBLANC: I understood you to say in  
12 response to Mr. Carlson that there were absolutely no  
13 studies, period.

14          Did I misunderstand?

15          THE WITNESS: With respect to the nonresident fee,  
16 right, but I am talking about a CMRA --

17          COMMISSIONER LeBLANC: You are talking in general  
18 here.

19          THE WITNESS: Yes, I was talking about a CMRA cost  
20 study.

21          COMMISSIONER LeBLANC: Okay. I just wanted to --  
22 that clarified it for me then.

23          THE WITNESS: Okay, okay.

24          COMMISSIONER LeBLANC: That's what I needed.

25          Now on page 31 of your testimony, you get into

1 fair and equitable -- 3622 and so forth -- and you say "It  
2 is not fair and equitable for one office to charge five  
3 times as much for the equivalent service."

4 In your colloquy with Mr. Carlson again I think he  
5 asked you something along the lines of well, what about two  
6 times or three times or whatever, and then based on what you  
7 just said to Commissioner Haley, it seems like a very  
8 arbitrary dart board to throw out there and come up with a  
9 particular fee.

10 So if I am understanding what you are saying, then  
11 two times as much or three times as much is fair and  
12 equitable?

13 THE WITNESS: I was stating that it wasn't fair  
14 and equitable given the large discrepancy in the fees with  
15 respect to Group 1 offices and Group 2 offices.

16 Years ago when there was a distinction made  
17 between Group 1 and Group 2, back in 1958, the fees for the  
18 boxes were very close to each other based on the salary  
19 level of the Postmaster, and since that time these fees have  
20 moved further and further apart from each other, to now you  
21 have got the one charging five times as much for a size one  
22 box and the -- in the Group 1C office as you would a Group 2  
23 and what you are -- basically you have the same salaried box  
24 clerk putting up the mail, perhaps, you know, PS-5 Clerk you  
25 would have working in the 1C office and also in the Group 2

1 office and I was referencing also that I feel these fees  
2 have been kept artificially low for a long time.

3 Those differences that may have justified a large  
4 discrepancy or different fees are no longer applicable --

5 COMMISSIONER LeBLANC: By whom?

6 THE WITNESS: -- I mean the salaries of the  
7 Postmaster, that sort of thing, when you take into  
8 consideration the fact that they are getting delivery, be it  
9 rural carrier delivery or city carrier delivery. All these  
10 offices are all providing delivery and there is really no --  
11 in my opinion and the Postal Service's opinion no  
12 justification for such, you know, disparate fees from the  
13 one group to the other.

14 Therefore, that is what I was referring to in that  
15 section of the testimony.

16 COMMISSIONER LeBLANC: The fair and equitable  
17 part? Is that what you are saying?

18 THE WITNESS: Yes.

19 COMMISSIONER LeBLANC: Then given the Chairman's  
20 situation, is this fair and equitable?

21 THE WITNESS: Probably not to the Chairman but it  
22 is --

23 COMMISSIONER LeBLANC: What I am saying is who  
24 makes the difference that this is not fair and equitable and  
25 this is or vice versa?



1           THE WITNESS: Well, we are discussing really two  
2 different things here.

3           There it is a nonresident fee. Here it is a basic  
4 fee for --

5           COMMISSIONER LeBLANC: I understand that, but the  
6 same bottom line is fair and equitable?

7           THE WITNESS: Right, and I have addressed that  
8 Criterion 1 with respect to the fees and the nonresident fee  
9 in the pricing criteria section of my testimony.

10          COMMISSIONER LeBLANC: So let me give you an  
11 example then.

12          I'll ask it in the form of a question and throw an  
13 example at you and see what we can come up with.

14          If I am understanding you then, the Postal  
15 Service -- well, let me reword this.

16          Can persons ineligible for any delivery be charged  
17 less than persons receiving delivery if they live in the  
18 service area of the post office?

19          THE WITNESS: Let me see if I can -- can persons  
20 ineligible for any kind of delivery --

21          COMMISSIONER LeBLANC: For any delivery be charged  
22 less than persons receiving delivery if they live in the  
23 service area of the post office?

24          THE WITNESS: So we are talking about two  
25 customers that live in the same service area. One does not

1 get delivery and the other one does.

2 COMMISSIONER LeBLANC: In other words, shall the  
3 Postal Service charge a different fee for the same size box  
4 at the same post office?

5 THE WITNESS: Well, if I think of this -- I mean  
6 if I can understand this situation, one has no delivery, one  
7 does have delivery, therefore I assume that the one that  
8 does get delivery gets delivery from a different area.

9 That swings into this area where there is no  
10 delivery. The person that does not get delivery, if my  
11 assumption is correct, if they are in a nondelivery office,  
12 they would pay a fee of zero. The person who is eligible  
13 for delivery might be in that service area but is getting  
14 delivery from another office, they would be paying the  
15 proposed Group D fee.

16 COMMISSIONER LeBLANC: So there would be two  
17 different fees. There would be two different fees for the  
18 same box?

19 THE WITNESS: They would -- there would be two  
20 different fees under that situation that I described.

21 COMMISSIONER LeBLANC: And again, I come back, one  
22 of the things we have to look at is fair and equitable. So  
23 that is fair and equitable?

24 THE WITNESS: I think, considering since the one  
25 customer's eligible for a carrier delivery free of charge

1 and is using it as a premium service, I would say that's --  
2 and then the other person has no option for their mail  
3 delivery, I think it's more fair and equitable to charge a  
4 zero fee than a \$2-a-year fee.

5 COMMISSIONER LeBLANC: And this was your decision?

6 THE WITNESS: This was my proposal --

7 COMMISSIONER LeBLANC: That was accepted.

8 THE WITNESS: That was accepted by the Postal  
9 Service to -- to propose here.

10 COMMISSIONER LeBLANC: Something that bothers  
11 me -- this has all been approached from an individual  
12 standpoint but what about businesses? And what got me  
13 thinking about it was law firms in the District. They have  
14 a lot of mailboxes.

15 Now, would these firms be considered nonresident  
16 in light of the fact that the partners, and I had to write  
17 this one so I didn't forget it, for the most part do not live  
18 in Washington or at least not in the mailing district of the  
19 firm?

20 THE WITNESS: I would think that the --

21 COMMISSIONER LeBLANC: Excuse me.

22 THE WITNESS: Oh.

23 COMMISSIONER LeBLANC: So, in other words, how  
24 would you determine if business mailboxes are resident or  
25 nonresident?

1           THE WITNESS: Well, where the business -- in the  
2 guidelines that I presented, if the business can provide the  
3 appropriate proof of residency, they would be considered  
4 residents. Do they have a lease for the building, you know,  
5 that they are -- some sort of utility bill or something like  
6 that. If it can't be confirmed by a local Postal employee,  
7 like the carrier who would do the street delivery, that they  
8 do actually -- are based -- do actually conduct business in  
9 that building, they would be considered residents.

10           COMMISSIONER LeBLANC: So all of this, though,  
11 kind of comes from your anecdotal evidence, does it not?

12           THE WITNESS: It comes from -- excuse me?

13           COMMISSIONER LeBLANC: Your anecdotal evidence  
14 that we've been hearing about today? Because there is no  
15 real basis for this, is there?

16           THE WITNESS: Oh, for the nonresident fee? Oh,  
17 sure there is. I think everybody is missing the point here.

18           COMMISSIONER LeBLANC: You got that.

19           THE WITNESS: It's demand -- it's demand based.  
20 There are -- I can cite you lots of examples of where other  
21 nonresident fees are charged for different services.

22           You know, I don't see anything out of line at all  
23 about this proposal. The Postal Service has realized that  
24 there are situations where there is demand for box service,  
25 high demand places, a lot of it by nonresidents. They are,

1 as I said, apt to present more costlier situations than  
2 residents and they -- I believe that it's -- I've stated  
3 it --

4 COMMISSIONER LeBLANC: It's a lot. I've got to do  
5 some more digging. But, last question I've got, in response  
6 to our Presiding Officer's Request Number 3, Question 5, you  
7 state that eligibility for delivery from a city route  
8 originating at another Post Office does not affect the box  
9 fees for such customers.

10 THE WITNESS: Let's see. POIR --

11 COMMISSIONER LeBLANC: Number 3.

12 THE WITNESS: Number 3. Okay, let me get there.  
13 And that was 5, you said? Question 5?

14 COMMISSIONER LeBLANC: Right. Yes, ma'am.

15 And I'm going to read it and I hope I am quoting  
16 this right. Eligibility for delivery from a city route  
17 originating at another Post Office does not affect the box  
18 fees for such customers.

19 So my question would be, is it true, however, I  
20 guess we are saying that eligibility for rural delivery from  
21 another office does affect the box fees?

22 THE WITNESS: No. Here, here I -- it -- hmm, let  
23 me read this.

24 Oh, excuse me. This office does offer carrier  
25 service. It may not offer carrier delivery service to every

1 resident of that area but, by virtue of the fact that it  
2 does offer carrier service, it would be considered a  
3 delivery office. Therefore --

4 COMMISSIONER LeBLANC: This would be -- who would  
5 make that decision? Who would make that determination? Or  
6 is it specifically spelled out?

7 THE WITNESS: Well, it's already -- it's already  
8 in practice.

9 COMMISSIONER LeBLANC: So in other words, it goes  
10 back --

11 THE WITNESS: It's the current practice we have.

12 COMMISSIONER LeBLANC: Right, that's what I  
13 thought.

14 Thank you.

15 THE WITNESS: Sure.

16 PRESIDING OFFICER QUICK: Mr. Chairman?

17 CHAIRMAN GLEIMAN: If I could just follow up on  
18 the question you were just asked, I want to understand  
19 correctly.

20 If there is an office that provides carrier  
21 service to some of the people who reside in that area and it  
22 is a carrier service office, therefore, none of the people  
23 who were served by that office but who don't get carrier  
24 service and therefore have Post Office boxes are going to  
25 get free boxes, they're going to pay?

1 THE WITNESS: None of the customers are going to  
2 get free boxes, is that what your --

3 CHAIRMAN GLEIMAN: Yes.

4 THE WITNESS: Short of the final implementation,  
5 that's -- that is correct. It may change but we really  
6 wanted to -- it would be nice to give everybody who couldn't  
7 get a box, couldn't get mail delivery a zero fee box.  
8 However, in terms of implementation, we decided it was  
9 easier to go with the office that they were under.

10 CHAIRMAN GLEIMAN: So, somebody who currently pays  
11 \$2 for a box and has no delivery alternative but who is --  
12 whose box is in this office which serves some people in that  
13 serving area --

14 THE WITNESS: Not possible. Excuse me.

15 I just wanted to save some time here. It's not  
16 possible. Somebody who is paying \$2 now is in a nondelivery  
17 office, has a box in a nondelivery office.

18 CHAIRMAN GLEIMAN: So the person -- so the person  
19 in the office that we're talking about is paying how much  
20 now, assuming it's not in the high-rent districts?

21 THE WITNESS: A person in a nondelivery office is  
22 paying \$2 a year.

23 CHAIRMAN GLEIMAN: A person in the office we were  
24 talking about, where there is carrier service to some but  
25 not all and the not all have no alternative and therefore

1 have a box, what do they currently pay in the low-rent  
2 district?

3 THE WITNESS: The low -- well, for Group 1-C they  
4 pay \$20 every six months. For Group 2, they would pay \$8 a  
5 year. So 40 a year versus 8 a year.

6 CHAIRMAN GLEIMAN: Well, 8 a year or 16 a year?

7 THE WITNESS: Eight currently. \$40 for 1-C per  
8 year, size one, and \$8 for size one, Group D. I mean Group  
9 2, excuse me.

10 CHAIRMAN GLEIMAN: Group 2. I understand the  
11 confusion. I have that problem myself.

12 THE WITNESS: Sorry.

13 CHAIRMAN GLEIMAN: For the Group 2 people who  
14 currently pay \$8 a year and who have no options to the Post  
15 Office box, because some people but not them in that serving  
16 area get home delivery, they are going to pay \$16?

17 THE WITNESS: Let's see, right, in the Group 2  
18 office, if they remain in what would be classified as a  
19 Group D office, yes.

20 CHAIRMAN GLEIMAN: So there are people who  
21 can't -- who don't have the option of getting delivery and  
22 who are going to go from \$8 to \$16.

23 THE WITNESS: Yes.

24 CHAIRMAN GLEIMAN: Does this resolve an existing  
25 inequity or create a new inequity?



1 THE WITNESS: I --

2 CHAIRMAN GLEIMAN: They have no choice, they've  
3 got no delivery, no rural delivery, no city delivery, no  
4 star route delivery, no nothing. They go to the Post Office  
5 and pick it up or they don't get it.

6 THE WITNESS: Correct. And I am not saying that  
7 it might not be changed. There might be some exceptions  
8 made for these people --

9 CHAIRMAN GLEIMAN: I am not talking about what  
10 might be changed. I want to know what is in your proposal  
11 before us now.

12 THE WITNESS: That's -- that's in my proposal  
13 before you now, based on the office as opposed to the  
14 customer.

15 CHAIRMAN GLEIMAN: Fine, that's all I want to  
16 know. Because I can't, and I will use the term again, I  
17 can't buy a pig in a poke. I don't know what the Postal  
18 Service is going to do. Some folks in the Third Class  
19 industry thought they knew what was going to happen with the  
20 150-piece minimum and didn't come to the Commission and  
21 participate in Reclass 1 and I think they're a little sorry  
22 for it now.

23 But -- because they thought the Postal Service  
24 might do something different than was on paper. I know  
25 what's before me now, and what's before me now creates an

1 inequity. Wouldn't you agree that it's more inequitable  
2 than currently exists to have your rates doubled for your  
3 box when you have no choice other than to get your mail that  
4 way?

5 THE WITNESS: I don't know whether I would agree  
6 that it's inequitable. I don't think to the people doing  
7 it, would be -- it would seem fair to them. If it were me,  
8 I wouldn't like it. But it is the best attempt we have at  
9 moving towards offering free delivery for those people who  
10 cannot get carrier delivery.

11 CHAIRMAN GLEIMAN: Well, I'll make a commentary,  
12 and if you want to respond, you can.

13 It's fascinating to me that the more I delve into  
14 this, the more I find funny little quirks here and there  
15 without numbers attached to them about how many people are  
16 going to be affected one way or another. But whatever you  
17 do seems to resolve or lessen the current inequity.  
18 Whatever might happen in the way of situations like this  
19 where, through no fault of an individual, whether it was a  
20 real example I was giving you or not, or no fault of the  
21 individual who lives in this Group 2 post office but can't  
22 get delivery, they're going to get their fees higher, these  
23 people get hit with a nonresident fee.

24 They didn't do anything different tomorrow after  
25 this is implemented than they did yesterday before it was

1 implemented, and yet they're going to have the pleasure of  
2 paying more money. How that cannot be creating a new  
3 inequity or increasing an existing inequity is beyond me.  
4 But c'est la vie. Like you say, that's life.

5 I just want to make sure I understand again, all  
6 this change in post office box fees -- the imposition of the  
7 nonresident fee is based on demand considerations, but you  
8 have not distinguished between really high demand situations  
9 and just ordinary situations that exist. And if you want me  
10 to explain what I mean between the two, I will. Yes or no.

11 THE WITNESS: Yes, please.

12 CHAIRMAN GLEIMAN: High demand post office with  
13 all its boxes rented, a lot of them rented to perhaps  
14 nonresidents, but nobody really knows because there is  
15 nothing on that form now and it's just a guess from the  
16 postmaster as to whether these people really are residents  
17 or nonresidents, and a long waiting list of may be residents  
18 or nonresidents. And again, you don't know because the form  
19 doesn't say where these people reside. It doesn't. If I'm  
20 wrong, somebody will correct me somewhere along the line,  
21 I'm sure. That's a high demand, a full box rental, not a  
22 box to spare, waiting list a mile and a half long.

23 Then there are these other folks where there are  
24 lots of empty boxes, but some of the boxes that are rented  
25 are rented to residents and some are rented to nonresidents.

1           The first is a high demand situation in my  
2     example; the second is a low or non-demand situation.  
3     There's no demand, there's no pressure, there's nothing  
4     pushing the Postal Service in that latter case.

5           You did not take those kinds of distinctions into  
6     account when you came up with the fee, the nonresident fee;  
7     you just apply it universally.

8           THE WITNESS:   Correct.

9           CHAIRMAN GLEIMAN: Did the Postal Service consider  
10    the feasibility of a separate nonresident fee for businesses  
11    versus citizens?

12          THE WITNESS:   I answered that to Commissioner  
13    Haley and the answer is no.

14          CHAIRMAN GLEIMAN: Okay. I will finish up real  
15    fast now.

16          You asked me about my wife after I used my  
17    example, what she would prefer, and I was candid with you,  
18    and I told you, and you were candid with me when you asked  
19    me, I'm sure, what she would prefer.

20          Now let me ask you. She has, in the example I  
21    gave you, not sought out a prestige address; is that  
22    correct? She used that post office for lo these many years  
23    because it was her post office.

24          THE WITNESS:   Assuming, right, yes.

25          CHAIRMAN GLEIMAN: Okay. Assuming the facts that

1 I gave you before.

2 THE WITNESS: Yes.

3 CHAIRMAN GLEIMAN: She didn't seek it out as a  
4 matter of convenience because when we moved out there, that  
5 was the post office that served our community. So she  
6 didn't do it for convenient purposes, although it happened  
7 to be relatively convenient.

8 So would you agree that she didn't seek it out for  
9 convenience when she --

10 THE WITNESS: Well, I assume that she would use it  
11 now in terms of convenience as opposed to the new post  
12 office.

13 CHAIRMAN GLEIMAN: No, I mean when she first  
14 started using it. She went to this post office 20 years ago  
15 or two years ago before the new post office was there. She  
16 didn't seek it out; it was there. It was the only post  
17 office available to us or the closest post office available  
18 to us and served our area.

19 Was her decision a reflection of convenience or  
20 did she do the right thing, as it were -- went to her post  
21 office?

22 THE WITNESS: I don't know. I mean, --

23 CHAIRMAN GLEIMAN: Well, I mean, you use in your  
24 testimony, you characterize nonresident boxholders as people  
25 who sought out these boxes because of prestige addresses or

1 for their convenience.

2 Now, we've already decided that this box in this  
3 post office was not sought out for prestige address  
4 purposes. Silver Spring, Maryland is not one of the  
5 prestige addresses in the Washington Metropolitan Area, last  
6 I checked. But she's been using it for years and started  
7 using it because it was the only post office out there and  
8 it was the one that served our area. So she didn't seek it  
9 out for convenience purposes. For example, she didn't seek  
10 it out because she worked in Silver Spring but lived in  
11 Bethesda and she found it more convenient to go to a Silver  
12 Spring post office to pick up her mail during the day  
13 because it was close to her office. So it wasn't  
14 convenience, was it?

15 THE WITNESS: Well, for whatever purpose it was  
16 above your street address -- and this is assuming that  
17 you're getting carrier delivery -- there was some reason  
18 that motivated her to get box delivery.

19 CHAIRMAN GLEIMAN: She's running a business out of  
20 her house and it's a real going business and our letter  
21 carrier got tired of bringing trays and hampers of mail up  
22 to our door. So she had to do something because --

23 THE WITNESS: So she was requested by the Postal  
24 Service to get a box? Is that what you're trying to tell  
25 me?

1           CHAIRMAN GLEIMAN: Yes, because of her going  
2 business, yes.

3           THE WITNESS: They requested her to get a box?

4           CHAIRMAN GLEIMAN: Well, let's assume that. I  
5 mean --

6           THE WITNESS: Jeepers. I mean, we do that?

7           CHAIRMAN GLEIMAN: My point here is that your  
8 testimony says people seek these boxes -- these nonresident  
9 people seek these boxes for convenience. My wife is now or  
10 was a resident of post office number 2. If she were to go  
11 there now that we are residents of post office box 1 area,  
12 you could argue that it was for convenience. But post  
13 office box 1 wasn't there before. So what you're saying to  
14 me now is, hey, above and beyond your street delivery, which  
15 you get, so it was for convenience.

16           So what you're telling me is that everybody who  
17 uses a post office box who has a street delivery choice does  
18 it as a matter of convenience.

19           THE WITNESS: I don't say everybody does it as a  
20 matter of convenience, but they do it for some other -- for  
21 some value added reason over their carrier delivery.

22           CHAIRMAN GLEIMAN: So if residents of an area are  
23 using a post office box and they get street delivery, what  
24 you just told me was they're doing it for some value added  
25 purpose. Why are you not charging more money to people for

1     that?  Why are you just charging people the cost of the post  
2     office boxes?

3             Now this is really getting interesting.  It seems  
4     to me convenience is getting to be a very fuzzy concept.  I  
5     mean, I understand the prestige address part.  The  
6     convenience part, though, is -- I mean, I understand  
7     convenience if I live in Town A and I work in Town B and I  
8     get a post office box in B because it's convenient for me to  
9     stop in on my lunch hour and the post office in Town A is  
10    closed when I get home at night and doesn't have 24-hour  
11    service.  That's a convenience.  That's a specific  
12    convenience.

13            But you just fuzzed it up.  You said anybody who  
14    gets a post office box -- if you didn't say this, tell me --  
15    everybody who gets a post office box with a street delivery  
16    does it for some reason which is a convenience to them.

17            THE WITNESS:  I did not say for a convenience, and  
18    I will state again --

19            CHAIRMAN GLEIMAN:  Go ahead.

20            THE WITNESS:  For some value added purpose.  It  
21    could be convenience; it could be prestige; it could be  
22    other things.  I said for some added value over their street  
23    delivery.  You're misrepresenting what I stated.  I said for  
24    some value added purpose over their street delivery.  
25    For some reason, their street delivery is not enough for



1     them. The carrier delivery. They want a box for whatever  
2     reason. I don't know what that reason is for everyone. It  
3     is a personal choice and --

4             CHAIRMAN GLEIMAN: Okay, that's fine. I  
5     understand you. We're on the same wavelength now.

6             THE WITNESS: And I'm sorry your wife was asked by  
7     the Postal Service to get a box. I can't understand that.  
8     I really can't.

9             CHAIRMAN GLEIMAN: Let's -- let's get off -- well,  
10    talk to Marvin Runyon about what he said in one of the  
11    meetings recently about when he went into the Post Office in  
12    Tennessee and was told that he could get Will-Call and  
13    didn't have to rent the box and things like. Postmasters  
14    tell different people different things. But that's an aside  
15    and my wife is not an issue here. And you can make faces at  
16    your counsel and whatever you want to do.

17            But let's get to the convenience issue here.  
18    Everybody who gets a box gets it for a reason, who has  
19    delivery. Now, tell me again, succinctly, what it is that  
20    would drive somebody to get a box. They want something  
21    above the box? I mean --

22            THE WITNESS: They want something above their  
23    carrier delivery. I would have to ask these people. I know  
24    that for some, it's convenience. They might want a box near  
25    where they work. For others, its prestige. They might want

1 a business address that's --

2 CHAIRMAN GLEIMAN: I'm sorry that you are  
3 frustrated and inconvenienced by this line of questions but  
4 it is your testimony and the testimony of the United States  
5 Postal Service that is asking us to allow them to impose  
6 significant fees that <sup>rely</sup>~~relies~~ very heavily on the concepts of  
7 prestige and convenience and value added.

8 All I am trying to do is figure out -- I  
9 understand prestige. That's nice and clear. Somebody likes  
10 to have a mailing address because they want somebody to  
11 think they're doing business in Beverly Hills or Middleburg,  
12 Virginia, or wherever it might be. I understand some  
13 concepts of convenience like the example I gave you about  
14 the guy who lives in Town A and works in B and can't get to  
15 the Post Office in his home town in time to pick up the mail  
16 because of the hours he works, so it's a convenience for  
17 him.

18 But I want to know what it is in the way of  
19 convenience other than something like that that relates to  
20 renting a box. I mean, you suggested in the example that a  
21 person who rented a box who had home delivery was doing it  
22 for some convenience and then you used the term, for some  
23 value-added service. And what's the value-added service  
24 that -- just, I don't understand what that means.

25 THE WITNESS: The added value to this person above

1 their street delivery, for whatever reason they want an  
2 alternative to their street delivery.

3 CHAIRMAN GLEIMAN: Fine. Now --

4 THE WITNESS: It's a personal choice.

5 CHAIRMAN GLEIMAN: Now tell me what the difference  
6 between convenience is, which is the term you used, as one  
7 of the two considerations for people -- for justifying a  
8 nonresident fee. Tell me the difference between that and  
9 value-added service.

10 THE WITNESS: I -- I first would like to point out  
11 one thing. You presumed that my frustration was because of  
12 this line of questioning. My frustration is because I need  
13 to take a break to go to the bathroom.

14 I hate to be so blunt about it but --

15 CHAIRMAN GLEIMAN: Well, I'll tell you what. I  
16 did not know that. If you had told us, I am sure the  
17 Presiding Officer would have allowed you to do that.

18 THE WITNESS: I'm trying to.

19 CHAIRMAN GLEIMAN: I am not sure we are going to  
20 get anywhere with this and I don't have any further  
21 questions.

22 I think it's silly to pursue this.

23 PRESIDING OFFICER QUICK: Well, let's break for 10  
24 minutes.

25 [Recess.]

1           PRESIDING OFFICER QUICK: All right. We have one  
2 additional comment from the Bench and then we will go to the  
3 followup cross-examination as a result of questions from the  
4 bench.

5           Chairman Gleiman.

6           CHAIRMAN GLEIMAN: Ms. Needham, I stand corrected.  
7 Box 5 of Form 1093 asked for a <sup>physical</sup>~~fiscal~~ address. I am not  
8 sure that that establishes residence in all cases but it  
9 probably does in many cases. And, unlike a lot of people  
10 that participate in a proceeding, I want to make sure that I  
11 am always correct on the record. So I just wanted to tell  
12 you, I erred.

13          THE WITNESS: Thank you.

14          PRESIDING OFFICER QUICK: I think that concludes  
15 questions from the Bench.

16          Now, we will go to cross-examination as a result  
17 of questions from the Bench and I think Mr. Popkin has two  
18 or three or maybe three or four questions.

19                   FURTHER CROSS EXAMINATION

20          BY MR. POPKIN:

21           Q     I just wanted to clarify if you can stipulate that  
22 Mr. Landwehr said, in effect, that there were 619  
23 nonresidents in Middleburg and you said somewhere in the  
24 vicinity of 1,000. I don't know whether you said almost or  
25 whatever.

1           Now, the difference of 381 that that represents is  
2 actually a 61 percent difference in your number.

3           A     Actually -- well, actually, I would like to  
4 address where -- where my numbers came from and thank you  
5 for bringing this up because I think I wanted to bring it  
6 up.

7           In my library -- excuse me. In my Library  
8 Reference SSR-105, there is an article about Middleburg from  
9 the Washington Post. I used the numbers reported in the  
10 newspaper as a basis for the -- the portion in my testimony  
11 and I did -- I did reference that library reference,  
12 although Witness Landwehr may provide different numbers that  
13 he got actually from the Middleburg Post Office --  
14 postmaster, rather. My numbers are from Library Reference  
15 SSR-105, again, from the Washington Post, which would --  
16 which would probably give us all a -- a -- the knowledge of  
17 not always trusting what you read in the papers. This may  
18 not be as accurate as what the Middleburg -- I would -- I  
19 would go with what the Middleburg postmaster -- but in terms  
20 of my testimony, I relied on the information in the  
21 newspaper.

22           CHAIRMAN GLEIMAN: Mr. Popkin, Ms. Needham, I am  
23 glad you did say where you got those numbers from and I was  
24 going to say that your fearless leader was quoted in the  
25 Business Mailers Review of Monday when asked about golden

1 parachutes that people should not -- I'll quote -- "Don't  
2 believe everything you read in the newspaper," so it's good  
3 to follow the boss's lead, I guess.

4 THE WITNESS: Thank you.

5 BY MR. POPKIN:

6 Q Did you have, in preparing your testimony, did you  
7 have access to contact the Middleburg Post Office to get  
8 information, should you have wanted to?

9 A I -- I met with the Middleburg postmaster and  
10 contacted him on one occasion concerning caller service.  
11 However, I did not ask him about the exact number of boxes.  
12 I had already -- I already had this information or, at  
13 least, to the best of my knowledge this was fairly accurate  
14 information from the Washington Post article.

15 Q That was not the question I asked. The question I  
16 asked was, when you prepared your testimony, did you have  
17 the ability to contact the Middleburg Post Office to get  
18 actual data?

19 A And I -- I said, yes, I contacted during -- I had  
20 the ability and I did contact but concerning a different  
21 situation, caller service.

22 This information came to me before I met Norris  
23 Beavers, so I used this information from the newspaper  
24 article.

25 Q The question I am asking requires a simple yes or

1 no answer. Did you have the ability when you prepared your  
2 testimony to contact the Middleburg Post Office and obtain  
3 the data with respect to the number of boxes and their  
4 proportion of the nonresidents?

5 MR. RUBIN: Objection. I think the witness has  
6 made the answer clear already.

7 BY MR. POPKIN:

8 Q Can't you just give me a simple "yes"?

9 A I said I had the ability because I contacted him  
10 concerning another issue with caller service.

11 Q Okay.

12 A But I relied on the information from this  
13 Washington Post article when preparing my testimony because  
14 I was in possession of this information before I even met  
15 Mr. Beavers.

16 Q Who is Mr. Beavers?

17 A He is the postmaster.

18 Q Okay.

19 A In Middleburg.

20 Q Okay.

21 The other -- I am a little confused. We were  
22 talking about demand pricing and value pricing. Are they  
23 one in the same?

24 A Well, there's a value -- there's a -- well, there  
25 are characteristics of demand pricing that -- that take into

1 consideration value. The -- there are those value-added  
2 features of the Post Office boxes which include, you know,  
3 like I had added, the convenience, the time of the delivery  
4 during the day, perhaps people want to pick up their mail  
5 earlier. Safety reasons, some people do not want to leave  
6 their mail in their mailbox during the day at their  
7 residence. The anonymity a box provides or privacy, that  
8 sort of thing. There were different things that I  
9 mentioned, they all went into the should I say market-based  
10 pricing considerations of a nonresident fee.

11 Q Is the pricing of the post office box fees based  
12 on the fact that there is a high demand for them or based on  
13 the fact that there is a value in having them over and above  
14 normal delivery, or is it based on both?

15 A Both.

16 Q In response regarding -- you mentioned you could  
17 indicate other nonresident fees that exist.

18 A Correct.

19 Q I assume you mean for example if I as a resident  
20 of New Jersey wanted to go to a park in Virginia I might  
21 have to pay extra or a beach along the Jersey coast, I might  
22 have to pay a nonresident fee to swim in Belmar Beach in New  
23 Jersey since I am not a resident of Belmar? Is that the  
24 type of thing you are referring to?

25 A Well, in some cases, particularly those that do



1 not involve subsidization of tax dollars that might be paid  
2 at the resident of that area, whereas the fee strictly goes  
3 to pay for the operating expenses.

4 Q Well, I don't quite understand.

5 In other words, let's take the beach at Belmar,  
6 which charges a nonresident fee which is higher than the  
7 resident pays.

8 A Yes.

9 Q Is this the type of fee you are referring to?

10 A Not knowing too much about the Belmar Beach, I  
11 would say yes --

12 Q It sounds similar?

13 A It does sound similar.

14 Q I don't know anything about it either.

15 A Okay.

16 Q My question is, isn't the reason for charging this  
17 particular type of fee the fact that there is some tax  
18 subsidy?

19 A No.

20 Q Why do you feel that?

21 A Well, I know of specific instances, particularly  
22 within the county I live in and a neighboring county where  
23 nonresidents are charged more for certain services than  
24 residents are but bearing in mind, and I was very careful to  
25 check this out, the fees for these services pay for the

1 operating expenses.

2 They are not subsidized by taxes.

3 I am referring to various summer camps, even  
4 though they might be sponsored by the Parks & Recreation or  
5 in one instance somebody was showing me a golf club card for  
6 Fairfax County that the resident pays a lower fee than the  
7 nonresident.

8 I checked and the tax dollars do not subsidize the  
9 golf club operation. It is strictly paid for with fees, so  
10 that is the type of -- that's really what I want to  
11 definitely make that point clear, that I am talking about  
12 ones that aren't based on, you know, that doesn't have  
13 taxpayer subsidies involved.

14 Q Well, okay. I just find it hard to believe  
15 that -- while there may be no direct subsidy there has to be  
16 some indirect subsidy of some of the activity but we will  
17 deal with that, okay?

18 A No.

19 Q Two more questions. You indicated when it was  
20 pointed out here on your testimony that pricing the product  
21 line of post office boxes commensurate with cost and  
22 consumer demand, you indicate that cost related to CMRA  
23 cost, is that true?

24 A Could you tell me exactly --

25 Q Page 1, lines 9 and 10.

1           PRESIDING OFFICER QUICK: Is this following up a  
2 question from the bench?

3           MR. POPKIN: Right. Yes.

4           PRESIDING OFFICER QUICK: Okay.

5           MR. POPKIN: Commissioner LeBlanc.

6           PRESIDING OFFICER QUICK: Okay.

7           THE WITNESS: Actually, I was cut off when I was  
8 answering this question to the degree that I was speaking of  
9 the one CMRA cost study but also the study costs that  
10 Witness Lion did, which showed our Group 2 box fees to be  
11 well below the cost of providing the service.

12           BY MR. POPKIN:

13           Q     That is the only cost item that you are referring  
14 to then?

15           A     No --

16           Q     The two boxes?

17           A     No, I am referring to the cost studies that  
18 Witness Lion did on the post office boxes and the CMRA cost  
19 study, referring to those two studies.

20           Q     Okay and the last question I have is would you  
21 characterize a box service at a nondelivery office as a  
22 greater value or value added compared to the other  
23 alternative, which is general delivery?

24           A     Well, I assume that I think it would be of greater  
25 value to the customer to have the box service at the

1 nondelivery office as opposed to the general delivery.

2 That is my opinion.

3 Q So why are you reducing that rate?

4 A Well, the proposal is for a zero fee in  
5 nondelivery offices to account for those people that are  
6 paying now \$2 a year and have no alternative for mail  
7 delivery.

8 To the greatest extent possible the Postal Service  
9 would like to provide free mail delivery to everyone.

10 In order to do so we have identified nondelivery  
11 offices as offices where there is no delivery and the  
12 residents have to rely on box mail now that they would pay  
13 \$2 a year for, or general delivery.

14 My proposal is to reduce that fee from \$2 to zero  
15 so they would not have to pay for their mail delivery to the  
16 greatest extent possible.

17 Q But they don't have to pay for it if they use  
18 general delivery, do they?

19 MR. RUBIN: Objection. I think this has gone well  
20 beyond follow-up to the bench questions.

21 MR. POPKIN: All I am trying to point out is the  
22 difference between the concept that says we have a value  
23 added so we want to charge for it, and here we have a value  
24 added we want to "uncharge" for it.

25 THE WITNESS: There are restrictions on general

1 delivery.

2 BY MR. POPKIN:

3 Q What are they?

4 MR. RUBIN: Objection. I don't know where this is  
5 going.

6 PRESIDING OFFICER QUICK: Did you have another  
7 questions? I think we ought to move on.

8 MR. POPKIN: Well, the last question is what is,  
9 what are the restrictions on general delivery.

10 MR. RUBIN: I would object as to the relevance and  
11 it is beyond the scope of follow-up.

12 MR. POPKIN: I would like to strike her response  
13 that says there are restrictions on general delivery.

14 PRESIDING OFFICER QUICK: Well, do you want  
15 to respond to the question or shall we just leave it as no  
16 response?

17 THE WITNESS: No response.

18 PRESIDING OFFICER QUICK: No response, okay. Any  
19 more?

20 MR. POPKIN: Nope.

21 PRESIDING OFFICER QUICK: That's it?

22 MR. CARLSON: I do.

23 PRESIDING OFFICER QUICK: Mr. Carlson?

24 MR. CARLSON: I have just one question.

25 BY MR. CARLSON:

1 Q Am I correct that there is a golf club in Northern  
2 Virginia, a county golf in Northern Virginia that charges a  
3 different fee for nonresidents versus residents.

4 A Correct.

5 Q And that that golf club is not taxpayer  
6 subsidized?

7 A The operating expenses of that golf club are not  
8 taxpayer subsidized, no.

9 Q Any other expenses?

10 A There could be capital costs with respect to the  
11 area that it is located in, but that I am not familiar with.

12 I know that the day camps that my kids went to  
13 this summer run by Arlington County where I am a resident,  
14 they charge more for nonresidents. They use school  
15 buildings but they paid for all the operating expenses of  
16 that.

17 Of course, there is that capital to build the  
18 school but the school is <sup>not</sup> built to be a school in the summer.  
19 Sometimes they are used for day camps.

20 Q So this could be characterized as an example of  
21 local county governments in Northern Virginia that charge  
22 nonresident fees for nonresidents who use county and  
23 recreational facilities, as you testified on page 38, lines  
24 8 through 14?

25 A Correct.

1 Q In my interrogatory, DFC-T-7-11 --

2 A 11?

3 Q Yes.

4 A Okay, sorry.

5 Q 11-A.

6 A Let's see.

7 Q I asked you are these county recreational programs  
8 in any way subsidized by taxes paid by county residents and  
9 you said "I do not know but that would not be surprising."

10 Today you seem to be saying that, yes, there is  
11 one that is not subsidized by taxes.

12 A Well, actually two that I know of for sure, yes.

13 Q So this response is not really accurate?

14 A I won't say it is -- at the time it was very  
15 accurate when it was prepared.

16 Q But you --

17 A Yes, it was accurate when it was prepared. I  
18 wanted to make sure I checked this out thoroughly and I did  
19 and now that this is -- this is the case.

20 Q But you didn't see fit to follow up either later  
21 or today when this was introduced into evidence since the  
22 answer is not really fully true now?

23 A The answer might not be, like I said the answer  
24 was true for when I wrote this. I said I wouldn't be  
25 surprised at the time. Now I know for sure.

1 I was fairly sure but not 100 percent. I always  
2 like to be 100 percent sure before a make a statement.

3 MR. CARLSON: Thank you.

4 PRESIDING OFFICER QUICK: Mr. Ruderman?

5 MR. RUDERMAN: I just have one quick question  
6 since we are engaging in some follow-up here.

7 FURTHER CROSS EXAMINATION

8 BY MR. RUDERMAN:

9 Q You indicated that the supplemental -- the  
10 supplement to your response to Interrogatory T7-38 was a  
11 result of contacting the person that had the Western Region  
12 and now you have amended that to include the Pacific Region,  
13 is that correct?

14 A Pacific District. Yes.

15 Q Is it Western District and Pacific District?

16 A Well, it is Western Area, Western Area and Pacific  
17 District, which is -- let's see.

18 I'm sorry, Western Area and Pacific Area, but it  
19 was one -- it was a district within the Pacific area that  
20 happened to catch wind of what I had asked the Western Area.

21 Q Okay. How many areas are there within the Postal  
22 Service?

23 A I believe there are eight -- I'm sorry. Five.  
24 I'm sorry, it is really hard to keep track. My 15 years  
25 with the Postal Service we have gone from all different



1 regions to this, to that, to this, to that --

2 Q Let's assume it is 10 for the time.

3 A Okay.

4 Q So does this mean that 10 percent of the  
5 facilities in the country were essentially contacted to  
6 provide the supplemental list?

7 A No, no, no. I don't know what percentage of the  
8 country the Western Region, what proportion of it is the  
9 Western Region, but I wouldn't say 10 percent.

10 Q Whatever proportion --

11 A One of 10 areas or whatever -- one of 10 areas was  
12 asked, and then I got a little bit from another area, but  
13 that, like I said, was based on the willingness and  
14 cooperation of the Area Vice President of Operations that I  
15 could easily identify in a short time.

16 I have had a lot of interrogatories to deal with  
17 and a lot of preparation.

18 Q Okay, so all the facilities in the Western Region,  
19 this is what the result of the contacting was?

20 A This isn't all of them. Something went out and I  
21 have heard from the ones that I have named here. Since this  
22 I know some more have come in but they haven't been -- I  
23 mean we had to get a cutoff point here to file this  
24 supplemental so it would be in the record in time for the  
25 proceeding.

1 MR. RUDERMAN: Thank you.

2 THE WITNESS: Thank you.

3 PRESIDING OFFICER QUICK: Mr. Chairman, did you  
4 have anything further?

5 All right. That brings us to redirect. We will  
6 give Mr. Rubin a chance to visit with his witness and be  
7 back here at ten until nine.

8 [Recess.]

9 PRESIDING OFFICER QUICK: Mr. Rubin, before you  
10 begin, I would like to make one comment, and that is  
11 regarding the Chairman's example that he used up here today.  
12 He's taken a bit of Commission license. His wife does not  
13 run a business out of her house and she does not have a  
14 postal box. Otherwise, a lot of the facts are accurate, but  
15 those are not. They are strictly fabrications.

16 All right. You may proceed with -- if that  
17 changes -- do you want to reconvene and --

18 MR. RUBIN: Does that mean we should stop working  
19 on our motion for recusal?

20 [Laughter.]

21 CHAIRMAN GLEIMAN: No, you can keep working on it.

22 PRESIDING OFFICER QUICK: I just wanted to clarify  
23 that.

24 Mr. Rubin, proceed with your redirect, please.

25 REDIRECT EXAMINATION

1 BY MR. RUBIN:

2 Q Mr. Popkin and several commissioners asked about  
3 the implementation process that would be involved in  
4 responding to a recommendation of a nonresident fee. Would  
5 the typical implementation process involve a postal service  
6 rulemaking?

7 A Yes.

8 Q And does a rulemaking usually include input from  
9 the public?

10 A Yes.

11 Q Mr. Popkin asked you questions about whether the  
12 nonresident proposal is premature. Do you believe your  
13 proposal is premature?

14 A I don't, based on the fact that I have provided  
15 the suggested guidelines which would cover most of the  
16 cases, and I'd also like to say that I know this -- the sort  
17 of vagueness of this implementation process has probably  
18 gotten a bad name here, but I do feel that a benefit from  
19 the implementation process would be that we -- you know, we  
20 based this request on deciphering whether or not -- our  
21 proposal, rather -- whether or not the office has delivery  
22 or not. I mean, the proposal is delivery group/non-delivery  
23 group. And I think it's the postal service's goal in the  
24 implementation to try to extend the free box service or the  
25 zero fee in Group E to as many customers ineligible for any

1 type of delivery as possible. That's one benefit that could  
2 come from going through this implementation practice.

3 Thank you.

4 Q Mr. Ruderman asked you about how increased  
5 competition from CMRAs supports a proposed increase in fees  
6 for post office boxes. What further elaboration can you  
7 provide on why raising of fees is a reasonable response to  
8 increased competition?

9 A Well, the increase in competition equates to a  
10 growth in the demand for this service, and, therefore, an  
11 increase in the fees is appropriate, especially when  
12 considering that the Postal Service box fees are so much  
13 less than those of the competitors or alternatives.

14 MR. RUBIN: Thank you. That's all I have.

15 THE WITNESS: Thank you.

16 PRESIDING OFFICER QUICK: Did we really need 20  
17 minutes for --

18 MR. RUBIN: That allowed us to eliminate some.

19 PRESIDING OFFICER QUICK: That's fine. That's  
20 fine.

21 Did the redirect generate any further recross  
22 examination?

23 MR. RUDERMAN: One little quick question.

24 PRESIDING OFFICER QUICK: Mr. Ruderman.

25 RE CROSS EXAMINATION

1 BY MR. RUDERMAN:

2 Q You said it results in -- the increased  
3 competition shows an increase in growth and demand?

4 A An increase -- it shows a growth in the demand,  
5 and therefore I said an increase in the fees was  
6 appropriate. There is an -- there is an obvious growth in  
7 the demand for box service as the competition increases.

8 Q But there has been an increase in competitive  
9 pressures on the Postal Service with regard to post office  
10 boxes?

11 A I'm sorry, I didn't quite understand.

12 Q Is there an increase in the competitive pressures  
13 brought upon the Postal Service with regard to post office  
14 boxes?

15 A Well, is there an increase to the -- I'm sorry.

16 Q Has there been an increase in competitive  
17 pressures upon the Postal Service with regard to the post  
18 office boxes?

19 A Well, I would say we face mounting competition  
20 from a variety of -- a variety of carriers and service  
21 providers for alternatives. Has there been an increase in  
22 the post office box -- I'm sorry, if you could repeat that  
23 one more time.

24 Q I'll try to simplify it. Is there more  
25 competition with the Postal Service with regard to the Post

1 Office boxes?

2 A Well, as I have -- as I have noted, there -- there  
3 is an increase of the number of Mailboxes Etc. Centers,  
4 which is considered competition to the Post Office boxes.

5 Q So the answer is, yes?

6 A Yes, it is.

7 Q And is your position that in reaction to this  
8 increased competition, it is appropriate for the Postal  
9 Service to raise rates?

10 A It's appropriate, yes. One of the reasons for the  
11 fees, aside from the fact that we're not really making our  
12 costs as we should. Especially for premium service we  
13 should have a much higher cost coverage, I believe. But --

14 Q Can you tell me why it is appropriate to raise  
15 rates in light of this added competition?

16 A Well, because the demand is up, we charge so much  
17 less than our competitors do and, like I said, there are  
18 other -- other reasons behind the proposal.

19 Q As a comparison, would you say it is appropriate  
20 for the Postal Service to raise rates in light of the  
21 competition it has with UPS and other parcel post carriers?

22 A I am not qualified to answer that question. My  
23 area of expertise is special services.

24 MR. RUDERMAN: Okay, thank you very much.

25 THE WITNESS: Thank you.

1 MR. POPKIN: I have one question.

2 PRESIDING OFFICER QUICK: Mr. Popkin.

3 RECROSS EXAMINATION

4 BY MR. POPKIN:

5 Q Regarding the question that was asked about the  
6 fact that the implementation policy will go out for  
7 rulemaking and it will have public input, you said that this  
8 was basically going to help with respect to the free boxes.  
9 The real question I have is will it be also applied to the  
10 nonresident fee?

11 A Yes. Anything that would be contained within it,  
12 within a -- whatever was recommended. I mean, I can't -- I  
13 can't presuppose what the Commission will recommend at  
14 this -- you know. But it would include whatever is  
15 recommended by the commission.

16 Q Well, the question I have is, are the actual hard  
17 and fast rules that the Postal Service claims it will use to  
18 implement a nonresident fee should one be approved by the  
19 Commission, will that go out for public comment?

20 A Sure, it would go out under a Federal Register  
21 notice for comment from the public.

22 MR. POPKIN: Okay, thank you.

23 THE WITNESS: Thank you.

24 [Witness excused.]

25 PRESIDING OFFICER QUICK: Thank you very much,

1 Ms. Needham. We appreciate your contributions to the record  
2 and your willingness to bear up today with us for so long.

3 We are adjourning here at nine o'clock and we will  
4 see a good number of you again in 12 hours and 30 minutes,  
5 9:30 tomorrow morning, on Wednesday September 11 to hear  
6 testimony from the Postal Service Witness Steidtmann, who  
7 will be followed by the recall of Witness Landwehr --

8 MR. HOLLIES: Mr. Presiding Officer, if I might  
9 interject, and excuse me, but the information that I  
10 provided earlier on the preferred order of witnesses has  
11 been updated since I gave you the information. There are  
12 some logistical difficulties that would suggest that  
13 Mr. Landwehr ought to go third, not second.

14 PRESIDING OFFICER QUICK: That's fine. If that's  
15 suitable with everybody, we will amend that and the witness  
16 order tomorrow will be Steidtmann, Needham and Landwehr.  
17 And we will reconvene at 9:30 a.m. in the morning.

18 Thank you very much.

19 COMMISSIONER HALEY: Thank you.

20 [Whereupon, at 9:03 p.m., the hearing was  
21 recessed, to reconvene at 9:30 a.m., Wednesday, September  
22 11, 1996.]

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